

BEFORE THE  
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE  
TO THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE  
ORGANIZED PURSUANT TO THE  
CALIFORNIA STEM CELL RESEARCH AND CURES ACT  
REGULAR MEETING

LOCATION: SACRAMENTO CONVENTION CENTER  
1400 J STREET, ROOM 204  
SACRAMENTO, CALIFORNIA

DATE: TUESDAY, APRIL 10, 2007  
9 A.M.

REPORTER: BETH C. DRAIN, CSR  
CSR. NO. 7152

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I N D E X

ITEM	DESCRIPTION	PAGE NO.
CALL TO ORDER		9
ROLL CALL		10
CHAIRMAN'S REPORT		12
PRESIDENT'S REPORT		17
CONSIDERATION OF ICOC POSITION ON SB 771		39
CONSIDERATION OF ICOC POSITION ON SB 30		55
CONSIDERATION OF CIRM MERIT AND PROFESSIONAL DEVELOPMENT PROGRAM		59
PRESENTATION OF SURVEY DESCRIPTION AND CONCEPT PLAN FOR LARGE FACILITIES		65
REVIEW AND CONSIDERATION OF THE 2006-06 ANNUAL FINANCIAL AUDIT		60
PRESENTATION AND REVIEW OF CONFLICTS OF INTEREST LAWS		122
ADJOURNMENT		133

1 SACRAMENTO, CALIFORNIA; TUESDAY, APRIL 10, 2007

2 09:16 AM

3

4 CHAIRMAN KLEIN: WHILE WE'RE WAITING FOR A  
5 COUPLE OF BOARD MEMBERS, I'D LIKE THE MEMBERS OF THE  
6 BOARD AND THE PUBLIC TO TAKE A MOMENT FOR TWO ITEMS.  
7 ONE ITEM IS MERELY ADMINISTRATIVE. IF THE BOARD  
8 MEMBERS WILL LOOK IN THEIR INSIDE COVER, I BELIEVE, OF  
9 THEIR PACKET AND SEE IF THEY HAVE AN INSERT OF  
10 INFORMATION THAT INCLUDES A LETTER FROM DR. HAROLD  
11 VARMUS RELATING TO FEDERAL LEGISLATION AS WELL AS AN  
12 ITEM FROM THE ISCCR, INTERNATIONAL STEM CELL SOCIETY,  
13 RELATING TO THE SAME LEGISLATION, AND A LETTER FROM  
14 GEORGE DALY RELATING TO FEDERAL LEGISLATION. FOR  
15 MEMBERS OF THE PUBLIC, THOSE ITEMS ARE AVAILABLE ON THE  
16 TABLE TO YOUR LEFT.

17 WHILE WE ARE GETTING THE LAST OF OUR MEMBERS  
18 IN, I WOULD LIKE, BEFORE FORMALLY OPENING THE MEETING,  
19 ON AN INFORMATIONAL BASIS ONLY TO ASK DR. POMEROY TO  
20 GIVE US A SUMMARY OF THE TREMENDOUS PRESENTATION WE HAD  
21 ON THE SPOTLIGHT ON DISEASE. THE MISSION OF THIS BOARD  
22 AND THIS AGENCY IS TO ADVANCE MEDICAL THERAPIES TO  
23 REDUCE HUMAN SUFFERING FROM SOME 70 AREAS OF CHRONIC  
24 DISEASE AND INJURY. WE HAD A MAGNIFICENT PRESENTATION  
25 THIS MORNING WITH A TREMENDOUS FOCUSED PRESENTATION ON

1 PERIPHERAL ARTERY DISEASE. I'D LIKE OUR ESTEEMED  
2 COLLEAGUE AND DEAN OF THE MEDICAL SCHOOL AT UC DAVIS,  
3 DR. POMEROY, TO RECOGNIZE THOSE IN THE AUDIENCE THAT  
4 CONTRIBUTED AND TO GIVE US A QUICK SUMMARY. DR.  
5 POMEROY.

6 DR. POMEROY: THANK YOU VERY MUCH. AND IT  
7 WAS INDEED AN HONOR FOR ALL OF US TO HAVE YOU HERE IN  
8 SACRAMENTO AND HEAR AGAIN ONE OF OUR PATIENT  
9 SPOTLIGHTS. AND TODAY'S SPOTLIGHT WAS ON PERIPHERAL  
10 ARTERIAL DISEASE. I THANK ALL OF THOSE WHO CONTRIBUTED  
11 TO MAKING THAT POSSIBLE.

12 WE STARTED OUT WITH DR. WRIGHT REMINDING US  
13 THAT PERIPHERAL ARTERY DISEASE IMPACTS SO MANY PEOPLE  
14 IN THIS COUNTRY. ALMOST EIGHT MILLION PEOPLE IN THIS  
15 COUNTRY TODAY SUFFER FROM PERIPHERAL ARTERIAL DISEASE,  
16 AND THAT MEANS ABOUT 15 PERCENT OF PEOPLE OVER THE AGE  
17 OF 65 SUFFER FROM PERIPHERAL ARTERIAL DISEASE OR POOR  
18 BLOOD FLOW TO THE LEGS. AND SHE REMINDED US THAT THIS  
19 MEANS THAT PEOPLE HAVE PAIN WHEN THEY WALK, IT LIMITS  
20 THE QUALITY OF THEIR LIFE, AND IT CAN EVENTUALLY LEAD  
21 TO AMPUTATION.

22 SO THIS IS A DISEASE THAT IMPACTS MANY OF OUR  
23 NEIGHBORS, MANY OF US, MANY PEOPLE IN OUR FAMILY. AND  
24 WHAT WE WOULD REALLY LIKE TO DO IS FIND NEW AND BETTER  
25 THERAPIES.

1                   WE NEXT HEARD FROM DR. JOHN LAIRD OF THE  
2   VASCULAR CENTER AT UC DAVIS, WHO TALKED ABOUT THE FACT  
3   THAT WE'RE CONTINUOUSLY FINDING NEW AND BETTER WAYS TO  
4   TREAT PERIPHERAL ARTERY DISEASE, AND HE TALKED ABOUT  
5   BALLOON ANGIOPLASTY AND HE TALKED ABOUT STENTS AND HE  
6   TALKED ABOUT BEING ABLE TO SCRAPE OUT THE PLAQUES WITH  
7   NEW EQUIPMENT; BUT HE POINTED OUT THAT, ESPECIALLY IN  
8   DISEASES LIKE DIABETES, THAT THE DISEASE CAN BE SO  
9   EXTENSIVE AND INVOLVE SO MANY SMALL BLOOD VESSELS, THAT  
10  WE CAN'T POSSIBLY EXPAND THE BLOOD VESSELS AND SALVAGE  
11  THEM AND PREVENT AMPUTATION. SO THAT MEANS THAT MANY  
12  PEOPLE HAVE AMPUTATION DESPITE THESE CUTTING-EDGE  
13  THERAPIES.

14                  AND HE CALLED ON US TO THINK ABOUT NEW THINGS  
15  LIKE STEM CELL THERAPIES. STEM CELLS THAT COULD  
16  ACTUALLY GROW NEW BLOOD VESSELS SO THAT THERE WOULD BE  
17  ADEQUATE BLOOD FLOW TO THE LIMBS AND PEOPLE WOULDN'T  
18  HAVE TO UNDERGO AMPUTATION.

19                  AND THEN IN THE HIGHLIGHT OF THE  
20  PRESENTATION, WE HEARD FROM MR. MARTINEZ. AND MR.  
21  MARTINEZ TOLD US ABOUT THE FACT THAT HE HAD CANCER AND  
22  HE BEAT THAT, BUT THAT HE KNEW THAT WOULD BE OKAY. HIS  
23  REAL BATTLE WAS WITH DIABETES AND PERIPHERAL ARTERIAL  
24  DISEASE. AND HE'S BEEN FIGHTING HIS DIABETES.  
25  UNFORTUNATELY, HE LOST THE TOES ON HIS RIGHT FOOT

1 BECAUSE OF PERIPHERAL ARTERIAL DISEASE AND POOR BLOOD  
2 FLOW, AND HE HAD TO UNDERGO AN AMPUTATION.

3 SO HE TALKED ABOUT THE FACT THAT WHY ARE  
4 PEOPLE AGAINST THE STEM CELL? IT COULD MEAN NEW HOPE.  
5 AND HE TALKED ABOUT HIS WIFE'S GRANDDAUGHTER WHO'S NINE  
6 YEARS OLD AND HAS DIABETES. AND HE SAID WHAT WILL HER  
7 LIFE BE? THE IMPLICATION BEING THAT HE WANTED IT TO BE  
8 BETTER FOR HER THAN WHAT HE HAD EXPERIENCED SO THAT SHE  
9 WOULDN'T HAVE TO HAVE AN AMPUTATION OR THE OTHER  
10 COMPLICATIONS OF DIABETES.

11 AND I THINK THAT WAS A CALL TO ALL OF US TO  
12 LISTEN TO THE NEXT PRESENTATION FROM DR. JAN NOLTE,  
13 WHO'S WITH US IN THE AUDIENCE TODAY, WHO IS THE NEW  
14 DIRECTOR OF OUR STEM CELL INSTITUTE AT UC DAVIS ALONG  
15 WITH HERE COLLEAGUE GERHARD BAUER, WHO WILL BE RUNNING  
16 THE GOOD MANUFACTURING PRACTICES FACILITY. AND SHE  
17 TOLD US THIS INCREDIBLE STUDY THAT THEY'RE DOING, WHICH  
18 IN A MOUSE MODEL, IF YOU TIE OFF AND INJURE THE ARTERY  
19 TO THE LEG IN A MOUSE SO THAT THERE'S NO BLOOD FLOW,  
20 THE SAME THING THAT WAS HAPPENING IN MR. MARTINEZ' LEG,  
21 IF SHE DOES THAT TO A MOUSE AND THEN SHE INJECTS IN  
22 THIS CASE ADULT STEM CELLS, NEW BLOOD VESSELS GROW.  
23 AND SHE SHOWED US THERE WAS BLOOD FLOW TO THAT LEG OF  
24 THAT MOUSE. THE STEM CELLS WERE ACTUALLY ABLE TO GROW  
25 NEW BLOOD VESSELS IN THAT MOUSE. AND SHE TALKED ABOUT

1 THE FACT THAT HUMAN TRIALS ARE SCHEDULED FOR AS EARLY  
2 AS 2008 AT UC DAVIS TO TRY AND MAKE THIS ADULT STEM  
3 CELL THERAPY TO GROW NEW BLOOD VESSELS HAPPEN IN  
4 PEOPLE.

5 SO THINK ABOUT THE HOPE THAT THAT BRINGS.  
6 THINK ABOUT THE OPPORTUNITY THAT WE HAVE TO DO THESE  
7 STUDIES TO SAVE LIVES, TO SAVE LIMBS. AND BY THE END  
8 OF THAT PRESENTATION, WE ALL REMEMBERED AGAIN WHY WE'RE  
9 DOING THIS. WHY THE VOTERS VOTED FOR PROP 71 TO CREATE  
10 CIRM AND GET THESE STUDIES GOING ON HUMAN EMBRYONIC  
11 STEM CELLS SO THAT WE COULD MAKE PEOPLE'S LIVES BETTER.  
12 SO I THANK ALL OF THOSE WHO PRESENTED TO US THIS  
13 MORNING. IT WAS VERY INSPIRING.

14 (APPLAUSE.)

15 CHAIRMAN KLEIN: THANK YOU VERY MUCH, DR.  
16 POMEROY. WITH A SON WITH JUVENILE DIABETES, I AM  
17 PARTICULARLY APPRECIATIVE OF THE INCREDIBLE WORK OF UC  
18 DAVIS MEDICAL SCHOOL AND THE RESEARCH RELATED TO THE  
19 MEDICAL SCHOOL'S MISSION. IT IS OFFERING A TREMENDOUS  
20 CONTRIBUTION TO A BROAD SPECTRUM OF AMERICANS, BUT  
21 PARTICULARLY THAT LARGE GROUP OF AMERICANS SUFFERING  
22 FROM TYPE 1 OR TYPE 2 DIABETES AND VASCULAR DISEASE AND  
23 ITS REPAIR. THANK YOU.

24 COUNSEL, WITH THE ARRIVAL OF THE HONORABLE  
25 DAVID SERRANO-SEWELL, HOW ARE WE DOING ON QUORUM? WE

1 ARE ONE SHY. I WOULD LIKE, THEN, TO EFFECTIVELY USE  
2 THE TIME OF THIS BOARD BY JUST AN INFORMATIONAL  
3 DISCUSSION OF THE ITEMS THAT I REFERENCED BEFORE. I  
4 WILL BRING THIS BACK UP AS WE BEGIN OUR FORMAL MEETING.

5 BUT FOR INFORMATIONAL DISCUSSION FOR THE  
6 AUDIENCE AND THE BOARD MEMBERS, ON GOOD FRIDAY, THE  
7 GOOD FRIDAY SURPRISE FROM THOSE IDEOLOGICALLY OPPOSED  
8 TO EMBRYONIC STEM CELL RESEARCH WAS A NEW BILL. THAT  
9 BILL IS SENATE BILL 30 IN THE U.S. CONGRESS. AND THAT  
10 BILL ESSENTIALLY STATES THAT YOU CANNOT HARM OR INJURE  
11 IN ANY WAY ANY EMBRYO. IT ALSO STATES THAT YOU CAN USE  
12 ONLY EMBRYOS THAT ARE NEW EMBRYOS THAT ARE DEAD EMBRYOS  
13 IN DOING RESEARCH, BUT IT PROCLAIMED ITSELF TO BE A  
14 COMPROMISE WITH THE WHITE HOUSE TO ADVANCE PLURIPOTENT  
15 STEM CELL RESEARCH.

16 WE'LL GO INTO THAT BILL IN GREATER DEPTH AS  
17 AN AGENDA ITEM IF THIS BOARD, BY A TWO-THIRDS VOTE,  
18 VOTES TO ADD THIS ITEM TO THE AGENDA BECAUSE OBVIOUSLY  
19 IT WAS INTRODUCED TOO LATE FOR US TO HAVE THE NORMAL  
20 FULL TEN-DAY NOTICE PERIOD.

21 YOU WILL SEE THAT GEORGE DALY FROM HARVARD  
22 HAS WRITTEN A LETTER, WHICH SHOULD BE AVAILABLE TO YOU,  
23 ADDRESSED TO SENATOR TOM HARKIN THAT ADDRESSES THIS  
24 BILL. AND AS I MENTIONED BEFORE, WHEN PART OF THE  
25 BOARD MEMBERS WERE PRESENT, THE ISCCR HAS A LETTER



1 ENCOURAGING US ON THE ONE HAND TO SUPPORT SENATE BILL  
2 5, WHICH IS A HISTORIC VOTE BY THE U.S. SENATE TO  
3 ADVANCE EMBRYONIC STEM CELL RESEARCH AT THE FEDERAL  
4 LEVEL. IT ALSO ADDRESSES SENATE BILL 30, INTRODUCED BY  
5 SENATOR COLEMAN AND ISAKSON, THAT WOULD ESSENTIALLY  
6 CONFUSE THE PUBLIC AND CREATE UNWORKABLE, FROM ISCCR'S  
7 POSITION AND GEORGE DALY'S AND HAROLD VARMUS' POSITION,  
8 REGULATIONS ADDRESSING THE ALLOWED STEM CELL RESEARCH  
9 UNDER SB 30.

10 WHILE WE ARE WAITING FOR OUR MEMBER, EVERYONE  
11 MIGHT TAKE A COUPLE OF MINUTES TO JUST PERUSE THESE  
12 LETTERS SO THAT WE'RE FAMILIAR WITH THEM WHEN WE DO GET  
13 STARTED.

14 (PAUSE IN PROCEEDINGS.)

15 CHAIRMAN KLEIN: GIVEN OUR REAL-TIME UPDATES  
16 ON THE MOVEMENT OF BOARD MEMBERS, OUR LOGISTICS TEAM  
17 TELLS US WE CAN APPROPRIATELY OPEN THE MEETING AT THIS  
18 TIME, EXPECTING THE IMMINENT ARRIVAL OF AN ADDITIONAL  
19 MEMBER FOR A QUORUM AND MEMBERS AFTER THAT WHICH WILL  
20 RAISE THE LEVEL FURTHER.

21 BUT THANK YOU, EVERYONE, FOR JOINING US IN  
22 SACRAMENTO. EVERYONE MISSED A TREMENDOUS SKYLINE VIEW  
23 OF SACRAMENTO WHICH WAS THE BACKDROP FOR THE SPOTLIGHT  
24 ON DISEASE. I FELT I JUST ARRIVED IN MELBOURNE OR NEW  
25 YORK. IT WAS A TREMENDOUS SLIDE. YOU ARE VIEWING ONE

1 OF THE NEXT WORLD CENTERS FOR STEM CELL RESEARCH. IT  
2 IS TREMENDOUS TO BE HERE, AND IT IS UPLIFTING TO SEE  
3 THE FOCUS ON STEM CELL RESEARCH AT UC DAVIS AND THE  
4 SUPPORT FROM THE COMMUNITY WHICH IS REALLY REMARKABLE.  
5 WE'RE PRIVILEGED AT THIS POINT FOR MELISSA TO  
6 LEAD US IN THE PLEDGE OF ALLEGIANCE.  
7 MS. KING: PLEASE STAND IF YOU ARE ABLE.  
8 THE FLAG IS AT THE FRONT OF THE ROOM TO MY LEFT.  
9 (THE PLEDGE OF ALLEGIANCE.)  
10 CHAIRMAN KLEIN: MELISSA, WOULD YOU LEAD US  
11 IN THE ROLL CALL, PLEASE.  
12 MS. KING: RICARDO AZZIZ. FRANK MARKLAND.  
13 DR. MARKLAND: HERE.  
14 MS. KING: ROBERT PRICE.  
15 DR. PRICE: HERE.  
16 MS. KING: DAVID BRENNER.  
17 DR. BRENNER: HERE.  
18 MS. KING: SUSAN BRYANT.  
19 DR. BRYANT: HERE.  
20 MS. KING: MARCY FEIT.  
21 MS. FEIT: HERE.  
22 MS. KING: ALEXANDRA LEVINE.  
23 DR. LEVINE: HERE.  
24 MS. KING: MICHAEL GOLDBERG. DAVID KESSLER.  
25 BOB KLEIN.

1 CHAIRMAN KLEIN: HERE.  
2 MS. KING: SHERRY LANSING.  
3 MS. LANSING: HERE.  
4 MS. KING: GERALD LEVEY. TED LOVE.  
5 DR. LOVE: HERE.  
6 MS. KING: RICHARD MURPHY. TINA NOVA. ED  
7 PENHOET.  
8 DR. PENHOET: HERE.  
9 MS. KING: PHIL PIZZO.  
10 DR. PIZZO: HERE.  
11 MS. KING: CLAIRE POMEROY.  
12 DR. POMEROY: HERE.  
13 MS. KING: FRANCISCO PRIETO.  
14 DR. PRIETO: HERE.  
15 MS. KING: JEANNIE FONTANA.  
16 DR. FONTANA: HERE.  
17 MS. KING: DUANE ROTH.  
18 MR. ROTH: HERE.  
19 MS. KING: JOAN SAMUELSON. DAVID  
20 SERRANO-SEWELL.  
21 MR. SERRANO-SEWELL: HERE.  
22 MS. KING: JEFF SHEEHY. JONATHAN SHESTACK.  
23 OSWALD STEWARD.  
24 DR. STEWARD: HERE.  
25 MS. KING: JANET WRIGHT.

1 DR. WRIGHT: HERE.

2 CHAIRMAN KLEIN: THANK YOU, MELISSA. IN  
3 BEGINNING THE CHAIRMAN'S REPORT TODAY, I WOULD LIKE TO  
4 SAY THAT WITH THE TREMENDOUS MOMENTUM IN CALIFORNIA  
5 WITH THIS AGENCY BECOMING THE LEAD FUNDING AGENCY IN  
6 THE WORLD FOR EMBRYONIC STEM CELL RESEARCH, AND WITH  
7 THE PRIVILEGE OF BEING IN THE PRESENCE OF SOME OF THE  
8 RESEARCHERS WHO ARE DEDICATING THEIR PROFESSIONAL LIVES  
9 TO ADVANCING THESE THERAPIES, WE ARE INSPIRED BY THE  
10 PROGRESS. ON THE OTHER HAND, CALIFORNIA CANNOT GO IT  
11 ALONE. AS WE'VE FREQUENTLY SAID, WE'RE IN A RACE  
12 AGAINST DISEASE. WE'RE NOT IN A RACE AGAINST OTHER  
13 STATES OR OTHER NATIONS. IT IS, THEREFORE,  
14 PARTICULARLY IMPORTANT THAT WE LOOK AT THE FUNDING  
15 SUPPORT FOR THE REST OF THE COUNTRY.

16 THIS WEEK WE WILL HAVE FOR THE FIRST TIME IN  
17 ANYONE'S MEMORY A REMARKABLE HISTORIC EVENT MARKED BY  
18 THE FACT THAT A MEDICAL SCIENCE BILL IS ONE OF THE TOP  
19 FIVE PRIORITIES FOR THE UNITED STATES SENATE. IT'S  
20 HOUSE BILL 3 AND SENATE BILL 5. FOR MEDICAL SCIENCE TO  
21 BE ELEVATED TO THE TOP OF THE NATIONAL AGENDA OF THE  
22 U.S. SENATE IS A REMARKABLE OCCASION FOR SCIENCE AND  
23 MEDICINE THAT IT IS IMPORTANT TO NOTE.

24 WITH THE POTENTIAL OF SENATE BILL 5, WHICH  
25 HAS BROAD SUPPORT, TO ADVANCE STEM CELL RESEARCH, THERE

1     IS UNFORTUNATELY THE OCCASION FROM THE OPPOSITION TO  
2     CREATE MORE CONFUSION AND PUT FORWARD IN THE NAME OF  
3     COMPROMISE A TROJAN HORSE BILL WHICH REALLY DOES NOT  
4     ADVANCE THE FUTURE OF RESEARCH.

5             THIS BILL CLAIMS TO ADVANCE THE TESTING,  
6     DERIVATION, OR PRODUCTION OF PLURIPOTENT STEM CELLS  
7     WHETHER OR NOT THEY HAVE AN EMBRYONIC SOURCE, BUT THEN  
8     GOES ON TO PROHIBIT THE CREATION OF HUMAN EMBRYOS OR  
9     EMBRYOS FOR RESEARCH PURPOSES OR, IMPORTANTLY, THE  
10    DESTRUCTION OR DISCARDING OF OR RISK OF INJURY TO A  
11    HUMAN EMBRYO OR EMBRYOS OTHER THAN THOSE NATURALLY  
12    DEAD. NOW, THE SCIENTIFIC COMMUNITY HAS A REAL PROBLEM  
13    WITH DEFINING NATURALLY DEAD FOR CELLS, AND IT CREATES  
14    A MORASS OF CONFUSION AND CONSTERNATION.

15            IT IS IMPORTANT TO REALIZE THAT EVEN WHEN  
16    CELL DIVISION HAS IN SOME CASES BEEN ARRESTED, OUR  
17    LEADING SCIENTISTS REPORT THAT THEY'RE ABLE AT TIMES TO  
18    PROMOTE THOSE CELLS INTO DIVIDING AGAIN. SO IT IS A  
19    VERY DIFFICULT LINE TO DRAW IN THE SAND, AND IT  
20    PROVIDES NO COMFORT NOR PROTECTION, BUT RATHER CREATES  
21    A CLOUD OF CONTROVERSY OVER THE RESEARCH.

22            IT IS IMPORTANT THAT THE SUPPORTERS OF STEM  
23    CELL RESEARCH NOT BE MISLED INTO BELIEVING THAT THIS IS  
24    A COMPROMISE THAT REALLY CONTRIBUTES TO FORWARDING STEM  
25    CELL RESEARCH. AND IT IS IN THAT CONTEXT THAT, EVEN

1     THOUGH IT WAS EASTER WEEKEND, THAT HAROLD VARMUS WORKED  
2     ON A LETTER REPRESENTING THE AMERICAN SOCIETY FOR CELL  
3     BIOLOGY, THE AMERICAN SOCIETY FOR CLINICAL  
4     INVESTIGATION, THE GENETIC SOCIETY OF AMERICA, THE  
5     SCIENCE SERVICE, AND THE SOCIETY FOR NEUROSCIENCE TO  
6     MAKE IT CLEAR THAT IN THOSE ROLES, AS WELL AS CHAIR OF  
7     THE JOINT STEERING COMMITTEE FOR PUBLIC POLICY AND  
8     PRESIDENT OF MEMORIAL SLOAN-KETTERING CANCER CENTER,  
9     THAT HE WAS DIRECTLY OPPOSED TO THIS.

10             GEORGE DALY'S LETTER, IN A SIMILAR FASHION --  
11     SORRY WE DON'T HAVE ALL THOSE LETTERS ON LETTERHEAD --  
12     WAS WRITTEN REPRESENTING CHILDREN'S HOSPITAL BOSTON,  
13     THE DANA FARBER CANCER INSTITUTE, AND HARVARD MEDICAL  
14     SCHOOL TO THOMAS HARKIN. HE POINTS OUT A NUMBER OF  
15     PROBLEMS WITH SB 30.

16             AND IN ADDITION, THERE IS THE SUPPORTING  
17     LETTERS THAT HAVE COME TO US FROM PATIENT ORGANIZATIONS  
18     LIKE BERNIE SIEGEL'S ORGANIZATIONS, THE CENTER FOR  
19     SOCIETY AND GENETICS, AND ADDITIONAL PATIENT GROUPS  
20     THAT HAVE SUPPORT OR OPPOSITION PAPERS IN PROCESS.

21             IN A DISCUSSION YESTERDAY WITH SENATOR REID,  
22     THE MAJORITY LEADER, HE POINTED OUT THAT IT'S VERY  
23     IMPORTANT THAT THE PUBLIC HAVE A CLEAR PICTURE OF WHICH  
24     BILL HELPS ADVANCE MEDICAL SCIENCE AND WHICH BILL  
25     MERELY MISLEADS THE PUBLIC AND CONFUSES THE ISSUE.

1                   IN ORDER TO CONSIDER OPPOSITION TO SB 30, WE  
2 WILL NEED TO HAVE A MOTION THAT WOULD PASS BY A  
3 TWO-THIRDS VOTE TO PUT IT ON THE AGENDA. THEN WE HAVE  
4 A SEPARATE MOTION THAT WILL OCCUR TO CONSIDER PASSAGE  
5 OF AN OPPOSITION POSITION. IN LOOKING AT OUR AGENDA,  
6 IT'S THE INTENTION TO CONSIDER THIS ITEM, IF THE BOARD  
7 SO WISHES, IMMEDIATELY AFTER SB 771.

8                   I'D ALSO SAY THAT THIS IS A BRIGHT DAY FOR  
9 THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN  
10 THAT WE WILL HAVE A REPORT ON MAJOR FACILITIES THAT  
11 WILL INCLUDE ADDRESSING THE ISSUE OF A SURVEY OF WHAT  
12 THE INSTITUTIONS IN OUR STATE ARE DOING. THE  
13 INSTITUTIONS IN OUR STATE REPRESENT THE SOURCE OF  
14 BRILLIANT NEW IDEAS AND PERSPECTIVES BEYOND WHAT ANY  
15 ONE OF US COULD HAVE IMAGINED OR, IN FACT, AS A GROUP  
16 THAT WE MAY HAVE IMAGINED AS THE POTENTIAL. WITH A  
17 SURVEY, WE'LL BE ABLE TO UNDERSTAND THE SCOPE OF IDEAS  
18 SO THAT WHEN WE SET THE PARAMETERS FOR OUR REQUEST FOR  
19 PROPOSALS, WE DON'T INADVERTENTLY EXCLUDE BRILLIANT  
20 IDEAS AND SUGGESTIONS, A RANGE OF WHICH WE HAD NOT  
21 IMAGINED. CERTAINLY, WE OTHERWISE HAVE THE DANGER OF  
22 THE ARROGANCE OF CONTROL FROM THE TOP WHERE YOU DICTATE  
23 A SINGLE MODEL OR A SET OF MODELS THAT DON'T ANTICIPATE  
24 ALL OF THE WEALTH OF INSTITUTIONS ACROSS THE STATE AND  
25 THE DEVELOPMENT OF IDEAS THAT THEY'VE SPENT MILLIONS OF

1 DOLLARS AND MANY, MANY STAFF HOURS DEVELOPING.

2 TO DATE THE LIMITATIONS ON OUR STAFFING AND  
3 OUR PRIORITIES HAVE STOPPED US FROM ADVANCING THE MAJOR  
4 FACILITIES. IT'S IMPORTANT THAT EVEN WITH A ONE-TO-ONE  
5 LEVERAGE ON THE \$300 MILLION IN THIS AREA, THAT IF YOU  
6 LOOK AT A 10-PERCENT INFLATION RATE ON FACILITIES, IT  
7 WOULD COST US \$60 MILLION FOR A ONE-YEAR DELAY, WHICH  
8 WE CERTAINLY HAVE SUFFERED. AND I WOULD POINT OUT THAT  
9 THAT'S 20 PERCENT OF THE TOTAL FUNDS WE HAVE FOR THIS  
10 GRANT CATEGORY OF CRITICAL FACILITIES. SO IT IS URGENT  
11 THAT WE PROCEED, AND IT IS URGENT THAT WE PROCEED ON A  
12 FULLY INFORMED BASIS. WE'LL HAVE THAT OPPORTUNITY AS  
13 WILL BE REPORTED ON LATER TODAY UNDER ONE OF THE AGENDA  
14 ITEMS.

15 WITH THAT, WE HAVE THE QUORUM. WE'D LIKE TO  
16 RECOGNIZE DR. OS STEWARD AS BEING PRESENT.

17 MS. KING: ALSO DAVID MEYER AS ALTERNATIVE  
18 FOR DR. AZZIZ.

19 CHAIRMAN KLEIN: DR. DAVID MEYER. WITH THAT,  
20 WE ARE IN BUSINESS OFFICIALLY. THANK YOU.

21 WE WILL AT THIS TIME MOVE TO THE PRESIDENT'S  
22 REPORT.

23 DR. HALL, I'D LIKE TO POINT OUT THAT IN HONOR  
24 OF YOUR RETURN FROM THE GREAT MOUNTAINS OF THE FAR EAST  
25 AND THE NEAR EAST, WE HAVE RESERVED YOUR PRESENTATION



1 TO WHEN YOU CAN ADDRESS THE FULL BOARD IN QUORUM.

2 DR. HALL: THANK YOU, MR. CHAIR. I, INDEED,  
3 HAVE JUST RETURNED FROM A TRIP TO THE HIGH MOUNTAINS IN  
4 NEPAL, AND MY HEAD IS CLEAR, BUT TO SOME EXTENT STILL  
5 IN THE MOUNTAINS, HAVING JUST ARRIVED. I HOPE YOU WILL  
6 BEAR WITH ME.

7 I HAVE A RELATIVELY SHORT REPORT TODAY. LET  
8 ME START BY SAYING THAT THE IOM REPORT, WHICH WE'VE  
9 DISCUSSED EARLIER, IS NOW -- THE PUBLICATION IS READY.  
10 YOU SHOULD ALL HAVE A COPY OF THAT. IT'S A VERY  
11 IMPRESSIVE AND HANDSOME REPORT. WE WILL BE LOOKING AT  
12 WAYS TO IMPLEMENT SOME OF THE FINDINGS OF THIS MEETING  
13 ON "ASSESSMENT OF MEDICAL RISK FOR HUMAN OOCYTE DONORS  
14 FOR STEM CELL RESEARCH." AND WE WILL BE WORKING WITH  
15 THE MEDICAL AND ETHICAL STANDARDS WORKING GROUP ON  
16 LOOKING FOR WAYS TO IMPLEMENT THAT AND TO REPORT AT  
17 FUTURE MEETINGS. MR. CHAIR.

18 CHAIRMAN KLEIN: IF I COULD HAVE THE BENEFIT  
19 OF JENNA'S ASSISTANCE FOR A BOARD AGENDA ITEM. I'M  
20 SORRY. I DIDN'T MEAN TO INTERRUPT YOUR PRESENTATION.

21 DR. HALL: I'LL COME IF YOU WANT. NEXT  
22 SLIDE, PLEASE.

23 LET ME GIVE YOU A QUICK REPORT ON THE SHARED  
24 FACILITIES RFA. AS YOU KNOW, WE RECEIVED 22  
25 APPLICATIONS. THERE WAS A VERY SUCCESSFUL PART 1

1 REVIEW, WHICH WAS COMPLETED LAST WEEK IN ONE LONG AND  
2 PRODUCTIVE DAY BY THE GRANTS WORKING GROUP. THE PART 2  
3 REVIEW BY THE FACILITIES WORKING GROUP IS SCHEDULED FOR  
4 MAY 2D AND 3D, AND WE HAVE A MEETING OF THE FACILITIES  
5 WORKING GROUP LATER THIS WEEK ON FRIDAY TO DISCUSS THAT  
6 MEETING AND SOME OTHER MATTERS. AND WE EXPECT, THEN,  
7 TO PRESENT THE RECOMMENDATIONS OF THESE TWO WORKING  
8 GROUPS TO THE ICOC AT THE JUNE MEETING. SO THAT'S IN  
9 PROGRESS AND MOVING ALONG VERY NICELY.

10 NOW I WANTED TO ALSO SAY A WORD ABOUT THE  
11 SEED AND COMPREHENSIVE GRANTS. AS YOU KNOW, WE HAVE  
12 APPROVED A LARGE NUMBER OF THESE GRANTS. AND I WANTED  
13 TO JUST GO OVER WITH YOU THAT, FOR THE SAKE OF BOTH THE  
14 BOARD AND ALSO FOR OUR PUBLIC, THAT THERE'S A LOT OF  
15 WORK TO DO BETWEEN APPROVAL OF THE GRANTS AND AWARD.  
16 AND SO WE ARE WORKING OUR WAY THROUGH THIS, AND I JUST  
17 WANTED TO GIVE YOU A PROGRESS REPORT AND A QUICK  
18 RUNDOWN ON THAT.

19 ONCE THE ICOC APPROVES AN APPLICATION FOR  
20 AWARD, THEN OUR GRANTS MANAGEMENT AND GRANTS  
21 ADMINISTRATION TEAM THEN LOOKS AT THE BUDGETS  
22 CAREFULLY, GOES OVER ALL THE FIGURES, MAKES SURE THAT  
23 THEY ARE RIGHT WITHIN THE GUIDELINES, THAT THEY'RE  
24 CONSISTENT AND SO FORTH, AND THEN, IF NECESSARY,  
25 THERE'S CONSULTATION WITH THE RECIPIENT INSTITUTION TO

1     MODIFY THOSE NUMBERS.   AND THIS TAKES TIME.   WE HAVE,  
2     AS YOU KNOW, OVER A HUNDRED GRANTS.   AND WE ARE WORKING  
3     OUR WAY THROUGH THOSE BOTH FOR THE SEED'S AND THE  
4     COMPREHENSIVES.

5             WE ALSO ENSURE THAT ALL REGULATORY  
6     REQUIREMENTS OF ANY PARTICULAR APPLICATION ARE MET.  
7     THAT IS, IF APPROVAL OF AN ANIMAL CARE COMMITTEE IS  
8     REQUIRED, THAT NEEDS TO BE SIGNED OFF ON.   IF THERE ARE  
9     BIOLOGICAL MATERIALS, THAT NEEDS TO BE SIGNED OFF ON.  
10    IF AN IRB APPROVAL IS REQUIRED, THAT NEEDS TO BE SIGNED  
11    OFF ON.   AND, OF COURSE, MORE IMPORTANT, THE OVERSIGHT  
12    COMMITTEE FOR STEM CELL RESEARCH ALSO NEEDS TO HAVE  
13    SIGNED OFF IF THAT IS NECESSARY.   SO BEFORE ANY AWARD  
14    IS MADE, WE MAKE SURE THAT ALL OF THOSE REGULATORY  
15    MATTERS HAVE BEEN TAKEN CARE OF AND THAT THERE IS  
16    APPROVAL FROM THE APPROPRIATE INSTITUTIONAL COMMITTEE.

17            IN SOME CASES WE ALSO ARE LOOKING AT WHETHER  
18    OR NOT AN INSTITUTION IS ELIGIBLE FOR THE RFA.   THERE  
19    HAVE BEEN A COUPLE OF CASES IN WHICH QUESTIONS HAVE  
20    ARISEN, AND WE ARE NOW IN CORRESPONDENCE WITH  
21    INSTITUTIONS ABOUT WHETHER OR NOT THEY ARE ELIGIBLE  
22    UNDER THE CONDITIONS OF THE RFA.   IF THERE'S A QUESTION  
23    ABOUT THE ELIGIBILITY OF THE PRINCIPAL INVESTIGATOR FOR  
24    THE RFA, WE ALSO INVESTIGATE THAT.   IF THERE ARE  
25    PROBLEMS IN THESE AREAS THAT WE THINK NEED DECISION BY

1 THE ICOC, WE THEN WOULD BRING THAT TO YOU BEFORE MAKING  
2 THE FINAL AWARD. AND IF WE CAN THEN CERTIFY THAT ALL  
3 OF THESE MATTERS HAVE BEEN TAKEN CARE OF, AND IF THE  
4 INSTITUTION SIGNS OFF ON OUR GRANTS ADMINISTRATION  
5 POLICY, WHICH IS REQUIRED, THAT IS, THAT THEY WILL  
6 ABIDE BY THE RULES THAT WE HAVE SET UP, THEN AND ONLY  
7 THEN DO WE ACTUALLY AWARD THE MONEY.

8 SO I JUST WANTED TO GO OVER THAT. THIS IS  
9 ONE OF THE BACK-ROOM FUNCTIONS OF THE INSTITUTE THAT I  
10 THINK IS NOT OFTEN VISIBLE, NOT OFTEN UNDERSTOOD. AND  
11 I WANTED YOU TO UNDERSTAND THAT EVEN THOUGH WE HAVE NOT  
12 HIGHLIGHTED OR PUT THIS FRONT AND CENTER, THAT WE TAKE  
13 THESE RESPONSIBILITIES VERY SERIOUSLY, THAT THEY ARE  
14 GOING ON, AND THAT BECAUSE WE'RE DOING IT SERIOUSLY AND  
15 CAREFULLY, IT TAKES TIME AFTER THE APPROVAL UNTIL WE  
16 ACTUALLY GET TO AWARD FOR THE GRANT.

17 NOW, IF I COULD HAVE THE NEXT SLIDE, AT THE  
18 LAST MEETING THERE WERE SOME QUESTIONS RAISED BY THE  
19 BOARD ABOUT WHAT OUR PLANS WERE FOR FUTURE RFA'S. AND  
20 I WANTED TO JUST GIVE YOU OUR TENTATIVE PLANS FOR  
21 THOSE. WE HAVE COVERED THESE SOMEWHAT IN PROBABLY A  
22 LITTLE BIT LESS DETAIL AT THE TIME WE TALKED ABOUT THE  
23 FIRST THOUSAND DAYS AND HOW WE WOULD MARCH OUT OUR  
24 PROGRAM. WE ARE ALREADY PROBABLY FALLING A LITTLE BIT  
25 BEHIND THAT SCHEDULE, BUT WE NOW, AS WE WILL DISCUSS

1     LATER, HOPE TO BRING TO YOU FOR CONCEPT APPROVAL LARGE  
2     FACILITIES GRANTS AT THE JUNE ICOC MEETING.  AND WE  
3     WOULD HOPE THAT IN JUNE OR JULY WE WOULD BE ABLE TO GET  
4     OUT AN RFA FOR THE LARGE FACILITIES.

5             AN EARLIER NEED THAT'S BEEN IDENTIFIED ARE  
6     CAREER DEVELOPMENT AWARDS.  THAT IS, FOR INVESTIGATORS  
7     STARTING OUT THEIR EARLY CAREERS, BECAUSE OF THE  
8     DIFFICULTIES IN FUNDING, PARTICULARLY FOR HUMAN  
9     EMBRYONIC STEM CELL RESEARCH, WE THINK THAT SUPPORT OF  
10    THESE YOUNG INVESTIGATORS IS EXTREMELY IMPORTANT.  
11    INTERESTINGLY, AS A SIDELIGHT, AN UNEXPECTED BENEFIT OF  
12    THE CALIFORNIA-UK MEETING, WHICH, AS YOU RECALL,  
13    INVOLVED BOTH SENIOR AND JUNIOR INVESTIGATORS, WERE  
14    THAT A NUMBER OF CALIFORNIA INVESTIGATORS GOT TO KNOW  
15    EACH OTHER.

16            AND IN PARTICULAR, LEANNE JONES FROM THE SALK  
17    INSTITUTE, TOOK THE INITIATIVE AND SAID WE SHOULD GET  
18    TOGETHER A GROUP OF EARLY INVESTIGATORS, BEGINNING  
19    INVESTIGATORS, IN STEM CELL RESEARCH IN CALIFORNIA.  
20    SHE CONTACTED ARLENE CHIU ABOUT THIS, WHO WAS VERY,  
21    VERY ENTHUSIASTIC.  AND ARLENE WENT DOWN, I THINK, LAST  
22    SATURDAY, AND I DON'T KNOW IF KUMAR IS HERE OR NOT, BUT  
23    WITH KUMAR HARI, ANOTHER ONE OF OUR SCIENCE OFFICERS.  
24    AND ARLENE CAME BACK COMPLETELY EXHILARATED.  SHE SAID  
25    THESE YOUNG PEOPLE ARE SO ENTHUSIASTIC AND SO SMART,

1 AND SHE SAID IT WAS LIKE A LAB MEETING WITHOUT THE HEAD  
2 OF THE LAB PRESENT. SHE SAID IDEAS WERE FLOWING,  
3 PEOPLE WERE EXCITED, AND THEY WERE VERY EAGER, OF  
4 COURSE, TO KNOW WHAT OUR PLANS ARE.

5 BECAUSE WE WANT TO EXPAND AND SUPPORT THE  
6 NUMBER OF YOUNG INVESTIGATORS IN THIS FIELD, WE SEE  
7 THIS AS A VERY HIGH PRIORITY. IT'S A RELATIVELY SIMPLE  
8 KIND OF GRANT TO DO. AND SO OUR HOPE IS THAT WE CAN  
9 BRING YOU ALSO CONCEPT APPROVAL IN JUNE FOR CAREER  
10 DEVELOPMENT AWARDS.

11 SECONDLY, OR I GUESS NEXT ARE PLANNING GRANTS  
12 FOR DISEASE TEAMS. AND, AS YOU KNOW, THE SCIENTIFIC  
13 STRATEGIC PLAN CALLS FOR AN AMBITIOUS PROGRAM IN WHICH  
14 WE WOULD PUT TOGETHER TEAMS THAT WOULD INVOLVE BASIC  
15 PRECLINICAL AND CLINICAL INVESTIGATORS FOCUSED AROUND  
16 PARTICULAR DISEASES, AND THAT WE WOULD ADOPT AN ACTIVE  
17 MANAGEMENT MODE FOR THOSE GRANTS. THIS IS A LITTLE BIT  
18 LIKE SOME OF WHAT WE HEARD WITH THE HI Q FOUNDATION AND  
19 OTHERS WHEN WE WERE PUTTING TOGETHER OUR SCIENTIFIC  
20 STRATEGIC PLAN.

21 AND WE'D LIKE TO GET STARTED ON THAT  
22 IMMEDIATELY, AND WE SEE THE FIRST STEP TOWARD THAT IS  
23 HAVING A WORKSHOP, WHICH WE'D LIKE TO HAVE IN JULY, TO  
24 DISCUSS HOW THIS MIGHT BE DONE AND WHAT MIGHT BE DONE  
25 WITH INVESTIGATORS AROUND THE STATE, AND THEN TO HAVE

1 AN RFA FOR A PLANNING GRANT. THAT IS, TO PUT TOGETHER  
2 ONE OF THESE LARGE AND COMPLICATED TEAMS WHICH WOULD  
3 ATTRACT LONG-TERM SUPPORT IS NOT A TRIVIAL EXERCISE.  
4 SO WE WOULD HAVE APPLICATIONS FOR PEOPLE TO GET A SMALL  
5 AMOUNT OF MONEY THAT WOULD THEN LET THEM PLAN AN  
6 APPLICATION FOR A LARGER GRANT. SO IT WOULD BE A  
7 TWO-PHASE PROCESS. WE WOULD LIKE TO GO AHEAD AND GET  
8 STARTED WITH THAT. PARTICULARLY BECAUSE OF THE FOCUS  
9 ON DISEASE, WE WANT TO MOVE THAT ALONG.

10 ANOTHER ONE IS BIOLOGY OF STEM CELLS. AND  
11 THIS WOULD BE A BROADLY BASED GRANT OR RFA THAT WOULD  
12 INCLUDE THOSE WORKING WITH STEM CELLS, ADULT STEM  
13 CELLS, FETAL CELLS, EMBRYONIC STEM CELLS, THOSE WORKING  
14 WITH STEM CELLS IN OTHER ORGANISMS. SO IT WOULD BE  
15 VERY BROADLY BASED. IT WOULD SORT OF BROADEN OUR BASE  
16 IN BIOLOGY, WHICH WE NEED TO DO EARLY ON, AND ALSO  
17 WOULD GIVE A SECOND CHANCE TO MANY DESERVING  
18 INVESTIGATORS IN THE SEED AND COMPREHENSIVE GRANTS TO  
19 COME IN AGAIN, WHICH WE THINK WOULD BE VERY IMPORTANT.

20 WE'D LIKE TO GET STARTED ON TRANSLATIONAL  
21 RESEARCH, AND WE WOULD PUT TOGETHER A SPECIAL REVIEW  
22 TEAM FOR THIS AND HOPE THE RFA COULD COME OUT IN  
23 SEPTEMBER. AND SHORTLY AFTER THAT, TO FOLLOW TOOLS,  
24 REAGENTS, AND TECHNOLOGIES IN THE FALL, AND WE HOPE  
25 PRECLINICAL DEVELOPMENT IN THE FALL.

1                   NOW, PARTICULARLY THE LAST THREE AND PERHAPS  
2   FOUR OR EVEN THE FIVE MAY INVOLVE MEMBERS OF THE  
3   PRIVATE SECTOR. AND SO WE WILL NEED TO COMPLETE OUR  
4   GRANTS ADMINISTRATION POLICY FOR THE PRIVATE SECTOR.  
5   WE ARE WORKING ON THAT, BUT IT WILL BE NECESSARY TO  
6   BRING THAT TO YOU, GET APPROVAL FOR THAT BEFORE WE CAN  
7   ACTUALLY GO AHEAD WITH AWARDING GRANTS. AND IN PART,  
8   THE RFA, WHICH STATES, AT LEAST IN PART, THE CONDITIONS  
9   OF THE AWARD AND HOW IT WILL WORK, WILL NEED TO BE  
10   COORDINATED AND DEPENDENT ON FINISHING THE GRANTS  
11   ADMINISTRATION PROJECT FOR FOR-PROFIT INSTITUTIONS.

12                  SO THAT'S A SORT OF QUICK RUNDOWN ON WHERE WE  
13   ARE. IT IS AN AMBITIOUS PROGRAM. WE ARE CONTINUING TO  
14   HIRE MEMBERS OF THE SCIENCE TEAM. AND I ALSO WANT TO  
15   URGE ON YOU A MESSAGE THAT I MENTIONED LAST TIME. AND  
16   I THINK THAT IS THE ISSUE OF KEEPING ANY LAPSE IN  
17   LEADERSHIP AS SHORT AS POSSIBLE IS GOING TO BE  
18   ABSOLUTELY CRITICAL, SO I HOPE THAT THE PRESIDENTIAL  
19   SEARCH WILL MOVE AHEAD AT A RAPID RATE SO THAT THERE  
20   CAN BE AS LITTLE DOWNTIME AS POSSIBLE, AND WE CAN GET  
21   NEW LEADERSHIP IN AND GET SOME OF THESE INITIATIVES  
22   UNDER WAY UNDER THAT NEW LEADERSHIP.

23                  SO THAT'S THE GENERAL THOUGHT ABOUT THOSE. I  
24   CAN EITHER TAKE QUESTIONS ON THAT NOW, OR I CAN CARRY  
25   ON AND COME BACK TO IT AS YOU WISH.



1                   CHAIRMAN KLEIN:  WHAT IS THE PLEASURE OF  
2 BOARD?  ARE THERE ANY QUESTIONS?

3                   DR. KESSLER:  ZACH, A HARD QUESTION.

4                   DR. HALL:  I WOULD EXPECT NOTHING LESS.

5                   DR. KESSLER:  JUST ONE THAT'S GOING TO BE  
6 VERY HARD TO ANSWER LOOKING FORWARD, AND JUST YOUR  
7 JUDGMENT AND WISDOM.  A TERRIFICALLY THOUGHT OUT,  
8 PLANNED AGENDA THAT'S COME FROM ALL YOUR HARD WORK.  IT  
9 SHOWS HOW MUCH WE'RE GOING TO MISS YOU.  YOU NOW HAVE  
10 THE EXPERIENCE OF HAVING DONE THE SEED'S AND  
11 COMPREHENSIVES AND SEEING SORT OF THE TALENT OUT THERE.

12                  DR. HALL:  PART OF THE TALENT.

13                  DR. KESSLER:  THAT'S MY QUESTION.  ARE YOU  
14 CONVINCED THAT WE HAVE THE TALENT TO DO THIS, OR ARE WE  
15 GOING TO GET AHEAD?  BECAUSE THIS IS SO WELL-THOUGHT  
16 OUT, THIS IS WHAT YOU WANT TO DO, IS THE TALENT OUT  
17 THERE TO DELIVER ON THIS?  ARE WE GOING TO SOON FIND  
18 THAT WE HAVE IN AN IRONIC WAY THE RESOURCES ARE AHEAD  
19 OF THE TALENT?

20                  DR. HALL:  WELL, LET ME SAY, FIRST OF ALL,  
21 THAT I THINK IF THE RESOURCES ARE THERE, THE TALENT  
22 WILL COME.  THAT SORT OF SOUNDS LIKE A SLOGAN, BUT TO  
23 SOME EXTENT THAT'S TRUE.  AS YOU, AS WE ALL KNOW, THE  
24 BEST WAY TO MOTIVATE SCIENTISTS IS TO GIVE THEM THE  
25 MEANS TO DO THE WORK AND PEOPLE FOLLOW THE MONEY.  I

1 THINK AS LONG AS WE CONTINUE TO PUT THESE OUT THERE,  
2 THEN I THINK WE WILL BEGIN TO ATTRACT BOTH FROM OUTSIDE  
3 CALIFORNIA, WE'LL KEEP ON ATTRACTING SCIENTISTS, AND WE  
4 WILL ALSO ATTRACT AND CONTINUE TO ATTRACT IN PEOPLE  
5 FROM OTHER FIELDS.

6 NOW, WHAT'S IMPORTANT IS, OF COURSE, THAT  
7 THROUGHOUT ALL OF THIS THAT LEVELS OF SCIENTIFIC  
8 QUALITY REMAIN HIGH. I THINK ALL OF US, NONE OF US,  
9 PUT IT THAT WAY, WANT TO SEE A SITUATION IN WHICH WE  
10 SAY, "WELL, WE'VE GOT THAT MONEY. WHY DON'T WE JUST GO  
11 AHEAD AND FUND THIS EVEN THOUGH WE DON'T THINK IT'S  
12 PARTICULARLY PROMISING WORK." I THINK WE WILL KNOW  
13 THAT, YOU WILL KNOW THAT WHEN YOU REACH THAT POINT,  
14 WHEN YOU HAVE RFA'S, AND YOU DECIDE THE QUALITY IS NOT  
15 GOOD ENOUGH.

16 I THINK, HOWEVER, WE HAVE ONLY STUCK OUR TOE  
17 IN BECAUSE WE'VE FOCUSED ON HUMAN EMBRYONIC STEM CELL  
18 RESEARCH. IN A SENSE THAT IS THE SMALLEST AREA BECAUSE  
19 OF THE PAST RESTRICTIONS. SO WE ALSO HAVE TALENT IN  
20 THE STATE, WE KNOW THIS, IN MODEL SYSTEMS, TREMENDOUS  
21 WORK IN DROSOPHILA, IN MICE IN OTHER MODELS. WE HAVE  
22 IMPORTANT WORK, SOME OF WHICH WE HEARD THIS MORNING, IN  
23 ADULT STEM CELLS, IN WORK WITH FETAL PROGENITORS. I  
24 MEAN THERE IS A LOT OUT THERE THAT WE HAVEN'T TAPPED  
25 INTO. WE ALSO KNOW THAT THERE'S TREMENDOUS TALENT AND

1 INTEREST IN AREAS LIKE ENGINEERING, COMPUTATION,  
2 CHEMISTRY. A NUMBER OF PEOPLE ARE VERY EAGER TO APPLY  
3 THE TECHNOLOGIES. WE'VE SEEN A LITTLE SMIDGEON OF  
4 THAT.

5 BY THE WAY, I WOULD SAY, THE FIRST TWO RFA'S  
6 WERE STRUCTURED, THIS WAS NOT THE MOST WELCOMING ENTRE  
7 FOR PEOPLE IN SOME OF THESE AREAS. I THINK WE CAN  
8 STRUCTURE IN THE TOOLS, REAGENTS, AND TECHNOLOGIES, FOR  
9 EXAMPLE, I THINK WE CAN STRUCTURE RFA'S THAT WILL BE  
10 MUCH MORE ATTRACTIVE TO TREMENDOUSLY TALENTED PEOPLE IN  
11 MANY OF THESE TECHNICAL AREAS THAT ARE RELATED TO  
12 BIOLOGY, BUT STRICTLY SPEAKING, THEY DON'T DEFINE  
13 THEMSELVES AS STEM CELL BIOLOGISTS.

14 AND THEN, FINALLY, I THINK THE BIGGEST  
15 UNKNOWN OF ALL IS THE PRIVATE SECTOR. WE DON'T KNOW  
16 COMPLETELY WHAT IS OUT THERE. WE KNOW SOME OF IT. WE  
17 ARE LEARNING SOME OF IT. AND I THINK AS WE OFFER  
18 APPLICATIONS FOR THE PRIVATE SECTOR, WE WILL SEE WHAT  
19 KIND OF TALENT AND RESOURCES IS THERE. THE PRIVATE  
20 SECTOR REALLY HAS CARRIED THE BALL IN SOME RESPECTS IN  
21 THIS FIELD SO FAR. MANY OF THE EARLY DEVELOPMENTS HAVE  
22 COME FROM THE PRIVATE SECTOR. AND BECAUSE OF THE VERY  
23 NATURE OF IT, THEY DON'T -- HOW TO PUT IT -- THE FULL  
24 RANGE AND EXTENT OF THEIR ACTIVITIES ARE NOT AS WELL  
25 KNOWN TO MANY OF US AS THOSE IN THE ACADEMIC SECTOR.

1                   SO I THINK IT'S SOMETHING TO KEEP IN THE BACK  
2   OF THE MIND. SAY, OKAY. WE DON'T WANT TO JUST PUT THE  
3   MONEY OUT THERE TO PUT IT OUT THERE. IT HAS TO BE HIGH  
4   QUALITY ALL THE WAY. BUT I DON'T THINK WE ARE ANYWHERE  
5   NEAR HAVING REACHED OR EVEN SEEN THE EDGE OF OUR POOL.

6                   IF WE SAY WE'RE ONLY GOING TO PUT IT INTO  
7   HUMAN EMBRYONIC STEM CELL RESEARCH DEFINED AS WE DID IN  
8   THE FIRST TWO APPLICATIONS, THEN I WOULD SAY YES. I  
9   THINK WE HAVE A MUCH BROADER MANDATE, AND I THINK IT'S  
10  GOING TO TAKE ALL THESE EFFORTS FROM ALL THESE  
11  DIFFERENT AREAS TO REALLY MAKE A SUBSTANTIVE THRUST  
12  THAT THE INSTITUTE WANTS TO MAKE. WE HAVE THE MEANS  
13  NOT TO MAKE A NARROW, SAY WE'RE GOING -- TO GO ALL THE  
14  WAY BACK TO PAUL BERG'S COMMENTS, WE HAVE THE MEANS TO  
15  PLACE MANY, MANY BETS HERE. AND WE NEED TO DO THAT,  
16  AND I THINK WE'LL BE ABLE TO.

17                  DR. KESSLER: THAT WAS AN ENORMOUSLY  
18  THOUGHTFUL ANSWER. IF YOU WERE TO GIVE US ADVICE FOR  
19  THOSE OF US WHO RUN INSTITUTIONS WHO ARE TRYING TO BE  
20  CONSISTENT WITH THIS AND IMPLEMENT AND HAVE THE TALENT  
21  THERE, WE'VE GOTTEN A LOT OF PEOPLE ENERGIZED, A LOT OF  
22  THEM HAVE APPLIED. A NUMBER OF US ARE NOT IN THE  
23  PRIVATE SECTOR, RIGHT. BUT WHAT WOULD YOU DO IF YOU  
24  WERE IN OUR POSITIONS? WOULD YOU CONTINUE TO TRY TO  
25  ATTRACT PEOPLE INTO THIS FIELD FROM OUT OF STATE?

1     WOULD YOU CONTINUE TO RECRUIT?  WHAT SHOULD BE THE  
2     RIGHT ADVICE YOU'D GIVE US?

3             DR. HALL:  WELL, YOU HAVE TO SET YOUR OWN  
4     INSTITUTIONAL PRIORITIES.  OF COURSE, THAT GOES WITHOUT  
5     SAYING.  AND STEM CELL RESEARCH IS ONE OF A BROAD ARRAY  
6     OF ACTIVITIES THAT GOES ON AT ANY ONE OF THE  
7     INSTITUTIONS THAT ARE REPRESENTED HERE.  STILL IN ALL,  
8     I THINK FOR THE MOMENT, AND THE WORDS WE HEARD THIS  
9     MORNING FROM THE CHAIR, I THINK, ONLY ENCOURAGE THAT  
10    NOTION.  FOR THE MOMENT, CALIFORNIA IS WHERE THE ACTION  
11    IS.  I DON'T THINK THE FEDERAL GOVERNMENT IS GOING TO  
12    GO INTO THIS IN A WAY THAT WILL DWARF WHAT WE'RE DOING  
13    FOR SOME TIME.  I THINK EVEN THE CASTLE-DEGETTE BILL,  
14    DON'T FORGET, DOES NOT INCLUDE NUCLEAR TRANSFER.

15            SO I THINK THAT CALIFORNIA WILL CONTINUE TO  
16    BE A LEADER.  I THINK MY IMPRESSION FROM THE GRANTS  
17    WORKING GROUP, AND OTHERS MAY HAVE SIMILAR THOUGHTS  
18    ABOUT THIS, THAT THE PEOPLE WHO COME IN FROM OUT OF  
19    STATE ARE UNIFORMLY IMPRESSED BY THE RESOURCES THAT WE  
20    ARE WILLING TO PUT INTO THESE GRANTS.  AND I THINK IT  
21    MAKES AN IMPRESSION.  I THINK PEOPLE WILL CONTINUE TO  
22    WANT TO COME, AND I THINK INSOFAR AS YOU CAN ABSORB  
23    THEM AND MAINTAIN YOUR HIGH STANDARDS OF QUALITY WITHIN  
24    YOUR INSTITUTION, THEN I WOULD SAY I THINK THERE WILL  
25    CONTINUE TO BE MONEY HERE FOR SOME TIME.

1                   AND IT WILL BE, I WOULD SAY, MORE THAN MONEY.  
2 CALIFORNIA IS ON ITS WAY, AS THIS LITTLE MEETING I  
3 TALKED ABOUT THE OTHER DAY AS ONE SMALL EXAMPLE OF IT,  
4 TO BECOME AN EXCITING COMMUNITY FOR STEM CELL RESEARCH.  
5 AND ALL OF US KNOW THAT SCIENTISTS BY AND LARGE DON'T  
6 WORK IN THE QUIET OF THEIR OFFICES, BUT ARE STIMULATED  
7 ENORMOUSLY BY SOCIAL INTERACTIONS, WHAT I USED TO CALL  
8 SCIENCE BY THE WATER FOUNTAIN. AND THE BUZZ AND THE  
9 ACTION AND THE STIMULATION THAT SCIENTISTS RECEIVE FROM  
10 EACH OTHER IN A FIELD, I THINK, IS TREMENDOUSLY  
11 IMPORTANT. AND AS CALIFORNIA BUILDS, THEN, A VERY  
12 STRONG RESEARCH COMMUNITY AND AS INDIVIDUAL  
13 INSTITUTIONS DO, THAT WILL BE AN ADDED ATTRACTION.

14                   I JUST SPOKE THIS MORNING ACTUALLY TO DR.  
15 NOLTE, WHO SAID, YOU KNOW, "WE CAME HERE FROM A MAJOR  
16 INSTITUTION IN MISSOURI." AND SHE SAID, "I THINK YOU  
17 CAN UNDERSTAND WHY." I THINK THAT'S ABSOLUTELY THE  
18 CASE AND WILL BE REPEATED.

19                   PHIL AND THEN DUANE.

20                   DR. PIZZO: THANK YOU, ZACH. AND JUST  
21 FOLLOWING UP ON DAVID'S COMMENTS, I AGREE THAT WE NEED  
22 TO BE THOUGHTFUL ABOUT THIS, EMPHASIZE QUALITY, AND  
23 RECOGNIZE THAT THERE IS A VAST ARRAY OF HUMAN CAPITAL  
24 YET TO BE TAPPED, PARTICULARLY AS WE BROADEN THE THEMES  
25 TO INCLUDE DEVELOPMENTAL BIOLOGY AND ALL THE OTHER

1 SECTORS THAT RELATE TO STEM CELL BIOLOGY. BUT THERE  
2 IS, I THINK, CERTAINLY IN SOME OF OUR INSTITUTIONS ONE  
3 RESTRAINING FACTOR, AND IT'S CAPTURED IN YOUR FIRST  
4 COMPONENT, AND THAT IS FACILITIES TO CARRY OUT THIS  
5 RESEARCH.

6 DR. HALL: WE'LL HAVE A DISCUSSION ABOUT THAT  
7 LATER.

8 DR. PIZZO: I JUST WANTED TO UNDERSCORE THE  
9 IMPORTANCE OF THAT GOING FORWARD BECAUSE, IN THE  
10 ABSENCE OF THAT, I THINK WE'RE NOT GOING TO BE ABLE TO  
11 ACCOMPLISH THE GOALS THAT WE HAVE. FROM MY POINT OF  
12 VIEW, AT LEAST, AND I THINK THIS IS PROBABLY  
13 REPRESENTED AT OTHER CENTERS AS WELL, THIS IS ONE OF  
14 THE MOST IMPORTANT THINGS TO DO, PARTICULARLY GIVEN THE  
15 TIMELINE FOR NEW FACILITIES TO BE CONSTRUCTED. MANY OF  
16 US ARE ALREADY INVOLVED IN GETTING READY, BUT THE  
17 TRIGGERS ARE GOING TO BE IMPORTANT TO REALLY BRING  
18 FORTH RAPIDLY.

19 DR. HALL: ABSOLUTELY. I APPRECIATE THOSE  
20 COMMENTS. WE'LL DISCUSS THEM IN MORE DETAIL LATER.  
21 AND LET ME SAY THAT IT IS THE WISDOM OF THE CHAIR  
22 ACTUALLY WHO RECOGNIZED THAT IF THIS BIG ENTERPRISE WAS  
23 TO GO ON, THAT NEW FACILITIES WOULD BE NEEDED. AND  
24 PROPOSITION 71, INDEED, PROVIDES FOR THAT. SO I THINK  
25 THIS WAS A VERY IMPORTANT AND FAR-REACHING COMPONENT.

1 UNDERSTANDING HOW IMPORTANT THIS COMPONENT IS, I THINK  
2 OUR CHAIR DESERVES A LOT OF CREDIT FOR THAT IN PUTTING  
3 TOGETHER PROP 71. IT'S THERE. I WILL TALK TO YOU  
4 LATER ABOUT WE CAN HOW BEST IMPLEMENT IT.

5 MR. ROTH: VERY QUICKLY. HAVE YOU CONSIDERED  
6 AN RFA FOR RECRUITING GRANTS OR ANYTHING ALONG THOSE  
7 LINES? BECAUSE SO MANY OF THESE INSTITUTES ARE IN THE  
8 PROCESS OF TRYING TO RECRUIT THE REALLY TALENTED  
9 TOP-END PEOPLE.

10 DR. HALL: I DON'T THINK -- WE'VE TALKED  
11 ABOUT THAT BEFORE. JERRY LEVEY ASKED ONE TIME IF WE  
12 COULD DO ANYTHING ABOUT HOUSING ALLOWANCES FOR FACULTY  
13 COMING IN. I THINK THE POINT WOULD BE THE CAREER  
14 DEVELOPMENT AWARDS WOULD BE ONE WAY IN WHICH YOU COULD  
15 SAY. I THINK WHAT WE CAN'T DO IS TO GIVE MONEY TO  
16 INSTITUTIONS AND SAY HERE'S SOME MONEY. YOU GO OUT AND  
17 GET SOMEBODY GOOD. IF YOU SAY IF YOU COME HERE, YOU  
18 CAN COMPETE FOR THESE GRANTS. AND IF YOU CHOOSE WELL,  
19 THEN PEOPLE WILL COMPETE WELL, AND I THINK THAT WOULD  
20 BE THE BEST WAY.

21 NOW, THERE IS ONE IDEA THAT SURFACED BRIEFLY  
22 THAT HAS NOT COME UP AGAIN. AND I WOULD BE HAPPY TO  
23 EXPLORE THAT FURTHER. I THINK THERE WAS SOME  
24 MISUNDERSTANDING ABOUT IT AT THE TIME. I ACTUALLY  
25 THINK THAT IT WOULD BE A VERY VALUABLE ADJUNCT TO OUR



1 PROGRAM AND WOULD HELP WITH RECRUITING IF WE HAD A  
2 PROGRAM THAT SUPPORTED SABBATICAL YEARS FOR PEOPLE  
3 OUTSIDE CALIFORNIA TO COME AND WORK IN CALIFORNIA WITH  
4 CALIFORNIA RESEARCHERS ON STEM CELL PROJECTS. I THINK  
5 IT WOULD BRING NEW PEOPLE INTO THE STATE ON A TRIAL  
6 BASIS. I THINK ONCE THEY'RE HERE, AS WE KNOW, PEOPLE  
7 TEND TO LIKE CALIFORNIA. AND I THINK ONCE THE SENSE OF  
8 BEING ABLE TO SEE WHAT THE POSSIBILITIES ARE HERE, I  
9 THINK IT IS -- I THINK IT WOULD BE A VERY USEFUL WAY,  
10 PARTICULARLY FOR SENIOR INVESTIGATORS, ALTHOUGH NOT  
11 NECESSARILY CONFINED TO THEM, BUT THAT IS A CASE IN  
12 WHICH WE COULD PROVIDE SUBSTANTIVE HELP, FOR EXAMPLE,  
13 IN SABBATICAL SALARY AND LET'S SAY ONE TECHNICIAN. AND  
14 THEN THEY WOULD AFFILIATE WITH SOMEBODY HERE, WORK WITH  
15 THEM DURING THE SABBATICAL YEAR, AND THEN WHAT HAPPENS  
16 AFTER THAT IS UP TO THE INSTITUTION. BUT THAT WOULD BE  
17 ONE WAY THAT I HAD THOUGHT MIGHT BE HELPFUL.

18 THERE SEEMED TO BE A LITTLE RESISTANCE WHEN  
19 WE TALKED ABOUT IT BEFORE. IN THE RUSH OF OTHER  
20 THINGS, WE HAVE NOT EXPLORED IT FURTHER. BUT IF YOU  
21 ARE INTERESTED, I WOULD BE HAPPY TO TRY TO FLESH THAT  
22 IDEA OUT AND BRING SOMETHING BACK TO YOU FOR YOUR  
23 CONSIDERATION.

24 MR. ROTH: ZACH, I JUST ENCOURAGE ANYTHING  
25 THAT BRINGS TALENT AT THIS EARLY STAGE WE SHOULD LOOK

1 AT. ANY OPTIONS.

2 DR. HALL: DO I TAKE THAT AS ENCOURAGEMENT?

3 DR. KESSLER: I GUESS, JUST TO FOLLOW UP ON  
4 THAT AND ONE MORE QUESTION, IF I MAY, BOB. IF YOU  
5 COULD JUST THINK THROUGH, ZACH, OR IF THE STAFF CAN  
6 THINK THROUGH, MAYBE THERE IS A WAY ON A COMPETITIVE  
7 BASIS IF SOMEBODY WANTS TO MOVE INTO THIS STATE AND  
8 THEY'RE WILLING TO TELL YOU WHAT RESEARCH THEY WILL DO,  
9 THAT YOU CAN REVIEW THAT AND DETERMINE WHETHER THAT'S  
10 COMPETITIVE AND WORTHY AND TO FUND THEM FOR SOME  
11 START-UP PERIOD BEFORE THEY GO INTO ONE OF THESE OTHERS  
12 AND TO HAVE A PROGRAM WHERE THAT START-UP, WHETHER  
13 THEIR SCIENCE WILL MEET A COMPETITIVE STANDARD BASED ON  
14 WHAT THEY'RE DOING AND WHAT THEY WOULD PROPOSE TO DO,  
15 AND MAYBE HAVE THAT AVAILABLE AS AN ONGOING MECHANISM.

16 DR. HALL: I THINK WE CERTAINLY CAN THINK  
17 ABOUT THAT AND THINK ABOUT IT MORE CAREFULLY. I THINK  
18 THE HARD THING FOR US WOULD BE TO, SAY, OFFER -- I  
19 THINK IT WOULD BE VERY DIFFICULT TO OFFER A GRANT TO  
20 SOMEBODY OUT OF STATE AND THEN HAVE THEM GET THE GRANT  
21 AND THEN SHOP THAT AROUND TO DIFFERENT INSTITUTIONS. I  
22 THINK THAT'S NOT A GOOD SITUATION.

23 DR. KESSLER: I UNDERSTAND. BUT THERE COULD  
24 BE A WAY YOU CAN DO THAT.

25 CAN I JUST ALSO FOLLOW UP? CAN YOU GIVE US A

1 SENSE OF THE THINKING ON THE MAGNITUDE OF THESE  
2 DIFFERENT RFA'S, THE SIZE OF THE AWARDS, SO ULTIMATELY  
3 THE PLANNING GRANTS, I ASSUME, ARE SMALL, BUT THESE  
4 DISEASE TEAMS ULTIMATELY, WHAT ARE WE TALKING ABOUT,  
5 THE TRANSLATIONAL RESEARCH?

6 DR. HALL: ALL THAT IS SPELLED OUT IN THE  
7 SCIENTIFIC STRATEGIC PLAN WHERE THERE ARE SPECIFIC  
8 FIGURES FOR EACH OF THOSE. I'M SORRY I DIDN'T PREPARE  
9 FOR THIS, AND I DON'T HAVE IT OFF THE TOP OF MY HEAD.  
10 I REFER YOU TO THAT. IN EACH CASE THERE'S A  
11 PROVISIONAL NUMBER. THESE NUMBERS ARE NOT BINDING BY  
12 ANY MEANS. IT WAS OUR GUESS TO SORT OF SIZE THE  
13 PROGRAM. AS WE BRING IN EACH ONE, AS YOU WILL SEE  
14 LATER TODAY, WE WILL BRING IN AND SAY HERE'S WHAT WE'RE  
15 THINKING ABOUT, AND YOU CAN SAY THAT'S TOO MUCH, TOO  
16 LITTLE, WE NEED MORE OF THOSE, WE NEED FEWER OF THOSE,  
17 HOWEVER, BUT THAT WOULD BE THE WAY. THERE IS A  
18 TENTATIVE PLAN, THOUGH, IN THE STRATEGIC PLAN.

19 DR. BRYANT: I WAS JUST WONDERING, BACK TO  
20 THE ORIGINAL IDEA OF FACILITATING PEOPLE MOVING HERE,  
21 WHETHER THE BURROUGHS-WELLCOME THAT BRIDGES POST-DOC  
22 AND FACULTY POSITION AWARDS MIGHT BE A MODEL THAT WOULD  
23 BE ADAPTABLE. IT'S JUST A THOUGHT. YOU APPLY FOR IT,  
24 GET MONEY, AND THEN YOU CAN TAKE IT WITH YOU WHEN YOU  
25 HAVE A FACULTY POSITION.

1 DR. HALL: MAYBE WE COULD DISCUSS THAT LATER,  
2 NOT TO GET BOGGED DOWN ON THAT. I THINK JOHN REED  
3 MENTIONED THAT EARLIER. WE THOUGHT A LITTLE BIT ABOUT  
4 IT, AND I'D BE HAPPY TO TALK TO YOU ABOUT SOME OTHER  
5 WAYS.

6 CHAIRMAN KLEIN: IF WE COULD, WE HAVE, I  
7 THINK, OS STEWARD HAS BEEN WAITING TO MAKE A COMMENT,  
8 AND THEN DR. MEYER. AND THEN IF WE COULD MOVE ON THE  
9 AGENDA BECAUSE WE HAVE TO MAKE CERTAIN WE GET OUT ON  
10 TIME AND COVER SOME VERY SUBSTANTIVE POINTS IN THE  
11 AGENDA.

12 DR. STEWARD: ZACH, I THINK I MENTIONED THIS  
13 ONCE BEFORE WITH REGARD TO THE STRATEGIC PLAN. I JUST  
14 WANT TO RAISE IT AGAIN. AGAIN, WE LOOK AT THESE AS  
15 BOXES. I THINK YOU'VE JUST DONE A WONDERFUL JOB  
16 PUTTING AN ARRAY OF ITEMS THAT WE'LL BE LOOKING FORWARD  
17 TO IN THE FUTURE. THE ONE THING THAT I STILL AM A  
18 LITTLE BIT CONCERNED ABOUT IS THE OUT-OF-BOX THINGS,  
19 THAT THERE IS OUT THERE, PERHAPS, SOMETHING REALLY BIG  
20 THAT WE MIGHT MISS BY HAVING THE THINGS GO OUT IN THESE  
21 RFA'S RATHER THAN HAVING SOME WAY TO REALLY ASSESS  
22 WHAT'S AVAILABLE OUT THERE. I JUST RAISE THAT AGAIN.

23 DR. HALL: ONE OF THE THINGS THAT WE PLAN TO  
24 ACCOMMODATE THAT ARE WHAT WE CALLED INNOVATION GRANTS.  
25 AND THOSE ARE THE GRANTS THAT WE WOULD PLAN TO GIVE

1 FROM TIME TO TIME THAT JUST SAYS YOU'VE GOT GOOD IDEA.  
2 BRING IT IN. THAT'S COMPLETELY OPEN-ENDED. WHATEVER  
3 YOU'VE GOT IN MIND, LET US KNOW ABOUT IT.

4 SO THE AIM WAS TO HAVE A MIXTURE OF SOMEWHAT  
5 DIRECTED THINGS AND TO LEAVE ROOM, HOWEVER, WHICH I  
6 PERSONALLY FEEL IS VERY IMPORTANT, I ABSOLUTELY AGREE  
7 WE ARE NOT SMART ENOUGH TO KNOW WHAT IDEAS MIGHT BE OUT  
8 THERE THAT MIGHT BE GOOD. AND SO THAT WOULD BE THE  
9 INTENT. HOWEVER, THE FIRST THING TO DO IS TO GET  
10 THINGS THAT WE KNOW ABOUT ON TRACK AS SOON AS WE CAN,  
11 SO WE WOULD TRY TO DO THAT. DAVID.

12 DR. MEYER: IT'S A QUICKIE. YOU MENTIONED  
13 VERY EARLY ON AFTER THE FIRST ROUND OF TRAINING GRANTS  
14 CAME OUT THAT THERE WOULD SOON BE ANOTHER ROUND OF  
15 TRAINING GRANTS, AND I'M NOT SEEING THAT ON THE LIST.

16 DR. HALL: THIS ALL TO FILL OUT THE YEAR.  
17 AND I THINK IN THE CROWD WE DECIDED, AS I RECALL IN THE  
18 SCIENTIFIC STRATEGIC PLAN, THAT WOULD BE AN EARLY 2008  
19 INITIATIVE. WE CAN'T DO IT ALL AT ONCE. I THINK THOSE  
20 OF YOU WHO HAVE BEEN THROUGH THESE REVIEWS CAN  
21 UNDERSTAND THAT. WE JUST HAVE TO MAKE SOME DIFFICULT  
22 CHOICES, BUT WE ARE AWARE OF THAT COMMITMENT, AND WE  
23 WILL HOLD TO IT.

24 LET ME MOVE ON, THEN, CONSTANT WITH THE  
25 CHAIRMAN'S REMARKS, JUST TO REMIND YOU THAT OUR BSA

1     AUDIT, OUR 60-DAY PROGRESS REPORT, IS DUE ON APRIL  
2     27TH. I THINK THAT'S THE CORRECT DATE. AND JUST TO  
3     LET YOU KNOW, WE HAVE HIRED MERCER HUMAN RESOURCES  
4     CONSULTING TO COMPLETE OUR SALARY SURVEY. OUR ICOC  
5     TRAVEL POLICY IS ON THE AGENDA FOR TODAY. WE HOPE YOU  
6     WILL BE ABLE TO GET TO THAT.

7             AND FINALLY, THERE WAS AN INTERESTED PARTIES  
8     MEETING YESTERDAY THAT WORKED ON THE ISSUE OF DEVISING  
9     STANDARDS FOR ACCESS TO THERAPIES FOR UNINSURED AND  
10    BENCHMARKS FOR DISCOUNT PRICES FOR THERAPIES. I WON'T  
11    GO INTO THAT DISCUSSION, BUT I UNDERSTAND IT WAS A VERY  
12    PRODUCTIVE DISCUSSION YESTERDAY.

13            NEXT SLIDE. THAT CONCLUDES THE PRESIDENT'S  
14    REPORT THEN, AND I WILL COME BACK LATER TO TALK ABOUT  
15    THE FACILITIES GRANTS.

16            CHAIRMAN KLEIN: THANK YOU, DR. HALL. AS OUR  
17    NEXT ITEM, AS DR. HALL ALLUDED, THERE HAS BEEN A STUDY  
18    SESSION WITH LEGISLATIVE MEMBERS OR STAFF AS RECENTLY  
19    AS YESTERDAY TO DISCUSS THE ACCESS ISSUES AND DISCOUNT  
20    PRICING, OF WHICH THIS BOARD HAS MADE MANY STATEMENTS,  
21    MAKING IT CLEAR OF OUR COMMITMENT. THE ISSUE IS HOW DO  
22    WE GET THERE WITHOUT DAMAGING OUR MISSION OF ADVANCING  
23    THERAPIES AS QUICKLY AS POSSIBLE AND MAKING CERTAIN  
24    THAT THERE'S INCENTIVES ON THE PRIVATE SECTOR SIDE TO  
25    MOVE THIS RESEARCH INTO TRANSLATIONAL MEDICINE AND

1 DELIVER IT AS THERAPIES TO PATIENTS?

2 IT IS, THEREFORE, WITH GREAT ENTHUSIASM AND  
3 PRIVILEGE THAT I'LL TURN OVER THIS ITEM TO DR. ED  
4 PENHOET, WHO HAS TACKLED THIS WITH COMMITMENT,  
5 TENACITY, AND HIGH LEVELS OF INTELLIGENCE AND  
6 INNOVATION.

7 DR. PENHOET: AND MINIMUM INTERFERENCE FROM  
8 BOB, WHO HASN'T WANTED TO TOUCH THIS SUBJECT. SO THE  
9 ITEM ON OUR AGENDA IS CONSIDERATION OF SB 771. WE WERE  
10 VERY DISAPPOINTED TO SEE THIS BILL EMERGE FROM SENATOR  
11 KUEHL'S OFFICE AND ASSEMBLYMAN RUNNER'S OFFICE. WE  
12 BELIEVE THAT IT'S NOT THE RIGHT THING TO DO IN GOING  
13 FORWARD BECAUSE WHAT IT DOES IS ATTEMPT TO PREEMPT ALL  
14 THE WORK THAT WE HAVE DONE TO DEVELOP THE INTELLECTUAL  
15 PROPERTY POLICIES.

16 IT SPECIFICALLY TRIES TO ADDRESS -- ALTHOUGH  
17 IT'S MOVING AROUND, AS WE SPEAK, WE GET NEW LANGUAGE  
18 FREQUENTLY. IT ATTEMPTS TO ESSENTIALLY PREEMPT THREE  
19 AREAS OF THE INTELLECTUAL PROPERTY POLICY THAT WE HAVE  
20 DISCUSSED HERE. ONE OF THOSE IS PRICING, A SECOND ONE  
21 IS ACCESS, AND THE THIRD ONE IS RETURNS.

22 I WOULD REMIND YOU ALL THAT WITH RESPECT TO  
23 PRICING AND ACCESS, THIS AFFECTS BOTH THE  
24 NOT-FOR-PROFIT POLICY AND THE FOR-PROFIT POLICY BECAUSE  
25 IN OUR TASK FORCE MEETINGS AND WHAT WE ADOPTED HERE,

1 THE PRICING AND ACCESS PROVISIONS ARE CONSTANT  
2 THROUGHOUT BOTH THE FOR-PROFIT AND NONPROFIT POLICIES.  
3 AND IN ATTEMPTING TO PREEMPT THE PRICING DISCUSSION,  
4 WHICH WE'VE HAD ON NUMEROUS OCCASIONS, THE CURRENT  
5 SB 771 BILL ESSENTIALLY DEFINES PRICING GOING BACK TO  
6 AN EARLIER LANGUAGE WE HAD, WHICH IS MEDICAID BEST  
7 PRICE. WE HAVE BEEN TOLD ON NUMEROUS OCCASIONS THIS IS  
8 IMPRACTICAL. IT'S IMPRACTICAL FOR REASONS THAT I DON'T  
9 WANT TO GO INTO AT LENGTH HERE TODAY, BUT FUNDAMENTALLY  
10 IT INVOLVES A COMPLEX SYSTEM OF REBATES AND AVERAGE  
11 PRICING, ETC., WHICH WOULD MAKE IT VERY HARD TO PEG A  
12 PRICE FOR ANY PRODUCT THAT CAME FROM THE RESEARCH OR  
13 DEVELOPMENT THAT WE FUND AT CIRM.

14 WE ARE DOING OUR BEST TO FIND A PRACTICAL  
15 ALTERNATIVE TO THE MEDICAID BEST PRICE. WE ARE NOT  
16 ATTEMPTING TO HAVE A HIGHER PRICE IN ANY WAY, SHAPE, OR  
17 FORM THAN THAT, BUT SOMETHING WHICH IS EASILY  
18 CALCULABLE AND WHICH CAN BE ESSENTIALLY HANDLED IN AN  
19 EFFICIENT WAY.

20 THE OTHER PROBLEM WITH MEDICAID BEST PRICE IS  
21 IT DOES NOT IN ANY WAY ADDRESS THERAPIES WHICH ARE NOT  
22 DRUGS. SO MEDICAID BEST PRICES ARE FOR DRUGS. AND AS  
23 WE ALL KNOW, WE EXPECT SOME, PERHAPS MOST OR ALL OF THE  
24 THERAPIES THAT COME FROM STEM CELLS ARE LIKELY TO BE  
25 NONDRUG THERAPIES. THERE IS NO EASY BENCHMARK FOR



1       NONDRUG THERAPIES.  SO WE'RE REALLY TRYING TO ADDRESS  
2       THESE ISSUES IN A THOUGHTFUL WAY.

3               AND SCOTT TOCHER AND MARY MAXON AND OTHERS  
4       DID HAVE AN INTERESTED PARTY MEETING YESTERDAY -- THANK  
5       JOHN SIMPSON FOR HIS CONTINUAL INPUT TO THOSE  
6       MEETINGS -- TO BRING ALL OF THE PARTIES TOGETHER TO  
7       ESSENTIALLY WORK ON THIS DIFFICULT PROBLEM OF HOW YOU  
8       GET AT PRICING, NOT ONLY FOR DRUGS, BUT ALSO FOR  
9       NONDRUG THERAPIES IN THIS FIELD.  IT'S A COMPLEX ISSUE.  
10      WE'RE CONTINUING TO WORK THROUGH IT.  WE GOT A LOT OF  
11      GOOD FEEDBACK YESTERDAY, AND I THINK WE WILL BE  
12      PREPARED TO HAVE SOME RECOMMENDATIONS IN THIS REGARD IN  
13      THE NOT TOO DISTANT FUTURE.

14             WE WERE VERY DISAPPOINTED, I MUST SAY, THAT  
15      AFTER MONTHS OF DIALOGUE WITH THE LEGISLATURE AND  
16      SPECIFICALLY WITH PETER HANSEL IN SENATOR KUEHL'S  
17      OFFICE IN ARRANGING THIS MEETING YESTERDAY TO  
18      ACCOMMODATE THE SCHEDULE OF PEOPLE IN THE LEGISLATURE,  
19      THEY DID NOT SHOW UP YESTERDAY FOR OUR MEETING.  WE  
20      HAVE ATTEMPTED TO ENGAGE THEM ON -- WE HAVE ENGAGED  
21      THEM ON NUMEROUS OCCASIONS.  I MYSELF HAVE COME UP HERE  
22      SEVERAL TIMES AND DISCUSSED THESE ISSUES WITH THEM, BUT  
23      UNFORTUNATELY THEY WERE NOT PRESENT YESTERDAY AT THE  
24      INTERESTED PARTIES MEETING.

25             THE SECOND ISSUE THAT 771 ATTEMPTS TO ADDRESS

1     IS THE ACCESS ISSUE.  AGAIN, WE HAVE DISCUSSED HERE THE  
2     NEED TO HAVE A PROGRAM FOR ACCESS FOR UNINSURED IN  
3     CALIFORNIA.  WE REMAIN FIRMLY COMMITTED TO SUCH A  
4     PROGRAM.  AT THE URGING OF DR. KESSLER, I THINK, TWO  
5     MEETINGS AGO, WE WERE URGED TO PUT SOME MORE DETAIL  
6     AROUND WHAT WOULD BE AN ACCEPTABLE ACCESS POLICY.  AND  
7     WE ARE IN THE MIDDLE OF DOING THAT, BUT I THINK  
8     EVERYONE AGREES THAT IN THE TOTAL IGNORANCE OF WHAT  
9     THESE THERAPIES MIGHT EVENTUALLY BE, IT'S VERY HARD TO  
10    DEFINE AN ACCESS POLICY BEFORE THE THERAPIES ARE  
11    ACTUALLY DEVELOPED.

12                 AND SO 771 ATTEMPTS TO ACTUALLY MAKE A  
13    REQUIREMENT OF RECEIVING CIRM FUNDING THAT YOU HAVE AN  
14    ACCESS POLICY IN PLACE TODAY FOR WHAT MIGHT HAPPEN WITH  
15    THE RESULTS OF THE RESEARCH.  WE THINK THAT'S ALSO  
16    IMPRACTICAL, AND WE'RE MAKING SOME PROGRESS AS WELL.  
17    SO BOTH OF THOSE REFER TO BOTH THE NOT-FOR-PROFIT AND  
18    THE FOR-PROFIT POLICY BECAUSE IN THE NOT-FOR-PROFIT  
19    CASE, ANY LICENSEE OF A NOT-FOR-PROFIT INSTITUTION WILL  
20    HAVE TO AGREE TO HAVE BOTH THESE PRICING AND ACCESS  
21    CLAUSES IN THEIR AGREEMENTS WITH THE NOT-FOR-PROFIT  
22    INSTITUTION THAT WE FUNDED.

23                 THE ONE WHICH IS UNIQUE TO THE FOR-PROFIT  
24    CASE THAT WE'RE WORKING ON IS RETURNS TO THE STATE.  WE  
25    HAVE -- AND, AGAIN, IN THE CASE OF THE NOT-FOR-PROFITS,

1 AND I WANT TO BE CLEAR ON THIS AND EMPHASIZE IT ONCE  
2 AGAIN, IF A FOR-PROFIT INSTITUTION RECEIVES MONEY FROM  
3 US AND LICENSES THE TECHNOLOGY DEVELOPED WITH CIRM  
4 FUNDING TO A THIRD PARTY, THEIR LICENSING PROVISIONS  
5 WILL HAVE THE SAME CONSTRAINTS AS THE LICENSING  
6 PROVISIONS OF THE NOT-FOR-PROFIT INSTITUTIONS. AND  
7 THERE IS NO CAP ON THE ROYALTIES OR OTHER FORMS OF  
8 REMUNERATION THAT WOULD COME FROM SUCH LICENSING  
9 POLICIES. IT'S A TOTALLY OPEN-ENDED OBLIGATION ON THE  
10 PART OF THE LICENSEE TO PAY WHATEVER ROYALTIES AND  
11 OTHER FORMS OF REMUNERATION ARE AGREED TO BY THE  
12 PARTIES AT THE TIME.

13 THE ONE ASPECT OF THE FOR-PROFIT POLICY WHICH  
14 IS DIFFERENT IS WE ANTICIPATE THAT SOME, AND HOPEFULLY  
15 MANY, OF OUR FOR-PROFIT GRANTEES WILL FURTHER DEVELOP  
16 THE TECHNOLOGY IN THE STATE OF CALIFORNIA AND  
17 COMMERCIALIZE THE PRODUCTS OF THE RESEARCH THEMSELVES.  
18 IN THAT CASE WE HAVE PROVIDED A FIXED RETURN, WHICH IS  
19 THREE TIMES THE INVESTMENT WE HAVE MADE IF THE PROJECTS  
20 ARE SUCCESSFUL. AND REMIND YOU, IT STEPS UP, IF THEY  
21 REACH \$250 MILLION IN SALES, THEY WILL PAY ANOTHER 3 X,  
22 SO THAT'S 6 X. AND \$500 MILLION IN SALES, 9 X, PLUS  
23 OVER \$500 MILLION IN SALES 1-PERCENT ROYALTY UNCAPPED.

24 THE BILL THAT'S CURRENTLY FLOATING AROUND IN  
25 771 WOULD REPLACE THAT STRUCTURE WITH A 2- TO 5-PERCENT

1 ROYALTY THAT WOULD BE DEPENDENT ON THE INVESTMENT WE  
2 MADE. BUT THE ROYALTIES WE HAVE HEARD FROM LITERALLY  
3 EVERY INDUSTRY REPRESENTATIVE, THAT THE ROYALTIES,  
4 PARTICULARLY BECAUSE OF THE PROBABILITY OF STACKING OF  
5 ROYALTIES IN THIS FIELD AND THE UNCAPPED NATURE OF THE  
6 ROYALTIES, ARE A REAL DISINCENTIVE TO FORWARD  
7 INTEGRATION OF THESE COMPANIES WITHIN THE STATE. SO WE  
8 HAVE REACHED THE STRUCTURE WE HAVE, WHICH WE THINK  
9 PROVIDES QUITE A GOOD RETURN TO THE CITIZENS OF  
10 CALIFORNIA, IF THE COMPANIES ARE SUCCESSFUL, AND DOES  
11 PROVIDE AN INCENTIVE FOR THEM TO ACTUALLY DEVELOP THESE  
12 TECHNOLOGIES IN CALIFORNIA RATHER THAN LICENSING THEM  
13 OUT TO THIRD PARTIES.

14 SO ALL OF THIS HAS BEEN CONSIDERED CAREFULLY  
15 BY US, AND I THINK -- BUT I WOULD ALSO POINT OUT THAT  
16 THE RETURN THAT WE CURRENTLY ENVISION IN OUR FOR-PROFIT  
17 POLICY IS NOT DEPENDENT ON PATENTS EXCEPT FOR THE  
18 1-PERCENT ROYALTY ABOVE \$500 MILLION. THE RETURN  
19 OBLIGATION WILL BE THERE WHETHER OR NOT PATENTED  
20 TECHNOLOGIES RESULT FROM OUR SUPPORT.

21 SO IN A SENSE I THINK IT'S A SAFER INVESTMENT  
22 ON OUR PART TO GET MONEY BACK WHETHER OR NOT IT  
23 INVOLVES PATENTS. AND TYPICALLY ROYALTIES ARE ONLY  
24 PAID AS LICENSES ON PATENTS. SO WE REMAIN CONVINCED  
25 THAT THIS STRUCTURE IS A GOOD ONE. IT PROVIDES AN

1 INCENTIVE FOR CALIFORNIA COMPANIES TO FORWARD INTEGRATE  
2 HERE, TO MANUFACTURE HERE, TO SELL THEIR PRODUCTS HERE,  
3 ETC. WE THINK THAT THE RETURN THAT WE'VE SPECIFIED, 3  
4 TO 9 X PLUS A POTENTIAL ROYALTY IN THE CASE OF A  
5 BLOCKBUSTER, IS ADEQUATE.

6 I MUST SAY ALL OF THESE PROVISIONS ARE STILL  
7 STRONGLY OPPOSED BY INDUSTRY, PROBABLY THE BEST  
8 INDICATOR THAT WE ARE NOT EXACTLY FALLING ALL OVER  
9 OURSELVES TO FAVOR INDUSTRY IN THIS CASE. SO YOU CAN  
10 READ CHI, BIOCOM, ETC., ARE ALL OPPOSING ALL OF THESE  
11 THINGS.

12 SO WE REMAIN CONVINCED THAT WE HAVE A SOLID  
13 AND SOUND POLICY. AND SCOTT HAS MADE A LOT OF PROGRESS  
14 WITH THE INTERESTED PARTIES TO COME UP WITH PRACTICAL  
15 SOLUTIONS TO THESE THREE ISSUES THAT WE'VE ARTICULATED  
16 BEFORE YOU HERE THIS MORNING. WE WOULD LIKE TO BE ABLE  
17 TO FINISH THAT WORK WITHOUT BEING PREEMPTED BY THE  
18 STATE LEGISLATURE. WE THINK WE'VE DONE -- WELL, I  
19 DON'T THINK SO. WE HAVE DONE AN ENORMOUS AMOUNT OF  
20 WORK IN THIS FIELD, HUGE AMOUNT OF BACKGROUND. MARY  
21 MAXON, WHO DID MOST OF THE WORK BEHIND THIS IN TERMS OF  
22 THE INFORMATION GATHERING, IS NOW RECOGNIZED MAYBE AS  
23 THE WORLD'S AUTHORITY ON THESE INTELLECTUAL PROPERTY  
24 POLICIES BECAUSE SHE'S REALLY UNDERTAKEN, MAYBE THE  
25 FIRST EVER, A SYSTEMATIC REVIEW.

1                   SHE AND ARLENE AND OTHERS WERE JUST AT A  
2     MEETING IN CONNECTICUT. EVERYBODY IN THE COUNTRY NOW  
3     IS TRYING TO EMULATE OUR POLICIES HERE. SO THEY SEEM  
4     TO BE GOOD ENOUGH FOR EVERYBODY IN THE WORLD EXCEPT FOR  
5     A FEW PEOPLE IN SACRAMENTO. SO WE'RE HOPEFUL THAT  
6     SB 771 WILL NOT BECOME LAW.

7                   MANY OF YOU HAVE AN OPPORTUNITY TO HAVE  
8     CONVERSATIONS WITH LEGISLATORS THIS AFTERNOON. I HOPE  
9     YOU WILL TAKE ADVANTAGE OF THOSE OPPORTUNITIES TO  
10    ARTICULATE OUR POSITIONS. AND MAYBE THE SIMPLE MESSAGE  
11    IS ROYALTIES ON LICENSED PRODUCTS ARE NOT CAPPED, THAT  
12    THE INCENTIVES ARE IN PLACE TO PROVIDE OPPORTUNITIES  
13    FOR CALIFORNIA COMPANIES TO FORWARD INTEGRATE WITH A  
14    FIXED RETURN, BUT A RETURN WHICH IS INDEPENDENT OF  
15    WHETHER THE TECHNOLOGY IS PATENTED OR NOT; BUT IF  
16    BLOCKBUSTERS EMERGE, THE TOTAL CAN BECOME AS MUCH AS  
17    NINE TIMES OUR INVESTMENT PLUS A 1-PERCENT ROYALTY.  
18    AND FINALLY, THAT THE PRICING AND ACCESS THINGS, WE  
19    DON'T DISAGREE WITH WANTING TO HAVE THE LOWEST PRICES  
20    AVAILABLE IN THE COUNTRY. WE JUST HAVE TO FIND A  
21    PRACTICAL WAY TO ACCOMMODATE THAT FOR DRUGS, AND THEN  
22    FIND SOME GOOD BENCHMARKS FOR OTHER FORMS OF THERAPY.

23                  SO WE DO THINK PROP -- EXCUSE ME, BOB. IT'S  
24    GOT A 71 IN THERE. THAT'S THE PROBLEM -- THAT SB 771  
25    IS PREEMPTIVE. I DON'T THINK IT HAS THE SAME DEPTH OF

1 ANALYSIS AND CONSENSUS BEHIND IT THAT WE HAVE GENERATED  
2 IN DEVELOPING THE POLICIES YOU'VE SO FAR APPROVED. SO  
3 WE HOPE YOU WILL JOIN ME AND BOB IN OPPOSING 771.

4 MS. LANSING: I JUST HAVE A QUESTION. I  
5 UNDERSTAND EVERYTHING, BUT THERE'S ONE POINT WHICH WE  
6 KEEP SAYING, WHICH IS THAT THEY'RE INTERFERING WITH OUR  
7 PROCESS. SO I UNDERSTAND THAT, THAT WE ARE ADDRESSING  
8 THESE ISSUES. CAN YOU JUST EXPLAIN A LITTLE BIT MORE  
9 OUR TIMETABLE OF ADDRESSING THESE ISSUES AND HOW WE'RE  
10 ADDRESSING THESE ISSUES WITH PUBLIC INPUT AND THE  
11 PROCESS THAT WE GO THROUGH BECAUSE I THINK THAT'S  
12 IMPORTANT.

13 MR. TOCHER: SURE. THE PROCESS IS SORT OF  
14 TWO TRACK. YOU HAVE THE NOT-FOR-PROFIT IP POLICY, AND  
15 THEN THERE IS THE FOR-PROFIT REVENUE SHARING AND IP  
16 PROVISIONS POLICY, WHICH YOU JUST ADOPTED TO INITIATE  
17 THE OAL ADOPTION PROCESS.

18 MS. LANSING: YOU SAID THE WHAT, WHAT WAS THE  
19 LETTERS?

20 MR. TOCHER: THE LATTER IS THE FOR-PROFIT  
21 POLICY FOR REVENUE SHARING AND INTELLECTUAL PROPERTY.  
22 THERE ARE VARIOUS PROVISIONS, SO IT'S THE LONGER NAME.  
23 AND THAT YOU JUST APPROVED TO INITIATE THE OAL ADOPTION  
24 PROCESS, AND WE HAVE JUST BEGUN THE PRIMARY 45-DAY  
25 COMMENT PERIOD. AND THAT REMAINS OPEN UNTIL APRIL

1 30TH.

2 SO THE NOT-FOR-PROFIT IP POLICY IS IN THE  
3 FINAL REVIEW STAGE WITH OAL. AND SO THAT PROCESS HAS  
4 ALMOST CONCLUDED. AND IN THE FOR-PROFIT ARENA, WE'VE  
5 ONLY JUST GOTTEN STARTED.

6 MS. LANSING: THE PUBLIC COMMENT, WE'RE JUST  
7 STARTING. THAT'S REALLY WHAT I WAS ASKING. THANK YOU.

8 SO IT'S REALLY NOT FAIR TO NOT LET US GO  
9 THROUGH THE PROCESS BECAUSE WE'RE GOING TO BE  
10 ADDRESSING THE PUBLIC COMMENTS, ADDRESSING OUR OWN  
11 COMMENTS, AND PERHAPS AMENDING CERTAIN THINGS.

12 DR. PENHOET: YOU KNOW, I WOULD SIMPLY POINT  
13 OUT, AS A MATTER OF FAIRNESS, I BELIEVE WE'VE CONDUCTED  
14 THE MOST THOROUGH ANALYSIS OF THIS. AND WE'VE HAD MORE  
15 COMMUNITY INPUT AND CONSENSUS AND DISCUSSION AROUND  
16 THIS THAN ANYTHING ELSE I'VE BEEN ASSOCIATED WITH IN MY  
17 CAREER. SO IT'S BEEN A VERY COLLABORATIVE PROCESS.  
18 WE'VE HAD MORE THAN A DOZEN PUBLIC MEETINGS ON THIS  
19 SUBJECT. WE'VE HAD INPUT FROM A VARIETY OF DIFFERENT  
20 SOURCES. WE HAVE GATHERED INFORMATION FROM EVERY MAJOR  
21 GRANTING INSTITUTION IN THE WORLD LITERALLY AS  
22 BACKGROUND INFORMATION. SO IT'S BEEN A VERY  
23 COLLABORATIVE, CONSULTATIVE PROCESS, INCLUDING NUMEROUS  
24 CONSULTATIONS WITH MEMBERS OF THE LEGISLATURE.

25 SO WE'RE, FRANKLY, ASTOUNDED THAT THIS HAS



1 RE-EMERGED IN ITS CURRENT FORM, BUT WE WILL DEAL WITH  
2 IT AS IT IS.

3 CHAIRMAN KLEIN: FIRST OF ALL, TWO POINTS.  
4 ONE, FOR GREAT APPRECIATION FOR THE TREMENDOUS  
5 INVESTMENT OF TIME ED AND DR. MAXON AND OTHERS HAVE PUT  
6 INTO THIS.

7 THERE ARE, I THINK, TWO POINTS HERE I'D FOCUS  
8 ON, AS SHERRY HAS. ONE IS THAT THIS IS -- OUR  
9 POSITION, I THINK, IS THIS IS PREMATURE. CERTAINLY IT  
10 WOULD BE HARD TO FIND SOMEONE WITH GREATER INTELLIGENCE  
11 AND COLLECTIVE LEGISLATIVE WISDOM IN THE HEALTHCARE  
12 AREA THAN SENATOR KUEHL. AND IT MAY BE OVER TIME THIS  
13 BILL CHANGES, AND WHAT WE END UP WITH IS SOMETHING THAT  
14 WORKS VERY WELL WITH THE END RESULTS OF WHAT WE'RE  
15 PROPOSING OR ADDRESSES NARROWER AREAS WITHIN THIS FIELD  
16 THAT COULD BE HELPED BY REFINEMENT. SO THERE'S A  
17 POTENTIAL THERE, BUT IT IS PREMATURE AT THIS TIME.

18 SECONDLY, DR. PENHOET, I BELIEVE AS WELL, ONE  
19 OF OUR OTHER RELATED POINTS THAT WE'VE BROUGHT UP  
20 BEFORE IS THAT THROUGH OUR REGULATORY PROCESS AND  
21 PUBLIC HEARING PROCESS, WE CAN FLEXIBLY ADAPT SO THAT  
22 WITH EACH DIFFERENT DISEASE AREA, WITH WHETHER IT'S AN  
23 ORPHAN DISEASE WHICH MAY HAVE DIFFERENT OBSTACLES  
24 BECAUSE ROYALTIES MAY BE A GREATER BURDEN IN AN ORPHAN  
25 DISEASE THAT'S marginally FEASIBLE IF FEASIBLE AT ALL,

1 AND WE MAY HAVE TO REALLY MODIFY WHAT WE'RE DOING WITH  
2 AN ORPHAN DISEASE, FOR EXAMPLE, IN OUR APPROACH.

3 BUT THE REGULATORY PROCESS HAS THE ABILITY TO  
4 BE ADAPTED MORE QUICKLY THAN IF THIS IS CODIFIED IN  
5 STATUTE. AND IF WE HAVE TO THEN HAVE A RIGID SITUATION  
6 WHERE WE CAN'T RESPOND QUICKLY TO A TREMENDOUS  
7 OPPORTUNITY THAT'S IDENTIFIED TO ADVANCE MEDICINE  
8 BECAUSE WE'D HAVE TO GO BACK THROUGH THE ENTIRE  
9 STATUTORY PROCESS. SO THIS IS AN ISSUE OF TRYING TO  
10 CREATE ENOUGH PUBLIC TRANSPARENCY AND FLEXIBILITY TO  
11 RESPOND TO CONDITIONS THAT WILL ARISE IN ADDITION TO  
12 THE FACT THAT IT'S PREMATURE. IS THAT A CORRECT  
13 STATEMENT?

14 DR. PENHOET: YES.

15 MR. SERRANO-SEWELL: DR. PENHOET, COUPLE  
16 POINTS. THE FIRST ONE IS THE LEGISLATURE, THESE ARE  
17 THE ELECTED MEMBERS. THEY'RE ELECTED. SO THEY SORT OF  
18 GET TO DO WHAT THEY WANT TO DO. THEY'RE ENTITLED TO DO  
19 SO. EACH ONE OF US ARE HERE BY VIRTUE OF AN ELECTED  
20 OFFICIAL. NO ONE HAS ELECTED US TO ANYTHING. SO  
21 THAT'S A LEGISLATIVE PROCESS. SOMETIMES PEOPLE LIKE  
22 IT, SOMETIMES PEOPLE DON'T. AND I LIKE THE WAY  
23 CHAIRMAN KLEIN SORT OF PHRASED THIS INSOMUCH AS I HOPE  
24 THAT THIS CONTINUES TO BE A COLLABORATIVE DISCUSSION  
25 WITH SENATOR KUEHL'S OFFICE ONLY BECAUSE I DON'T WANT

1 TO GET INTO ANOTHER SENATE BILL 13 SITUATION THAT WE  
2 HAD LAST LEGISLATIVE CYCLE WHERE I REALLY FELT THERE  
3 WAS SOME ANIMOSITY BETWEEN WHAT WE WANTED TO DO AND  
4 THEN WHAT SENATOR ORTIZ WANTED TO DO.

5 MY EXPERIENCES WITH SENATOR KUEHL HAVE ALWAYS  
6 BEEN POSITIVE. I DON'T AGREE WITH EVERYTHING SHE'S  
7 DOING. I DON'T AGREE WITH THIS, BUT SHE'S A THOUGHTFUL  
8 PERSON, VERY INTELLIGENT, AND CAN GRASP -- I THINK  
9 SHE'S SOMEONE WHO REALLY CAN GRASP THESE ISSUES. I  
10 KNOW THAT THERE'S A DELEGATION OF MY COLLEAGUES THAT  
11 ARE GOING TO BE MEETING WITH HER LATER ON THIS  
12 AFTERNOON. AND SO MY ONLY THING IS THE LEGISLATURE  
13 GETS TO DO WHAT THEY GET TO DO. AND I HOPE WE CAN  
14 REFINE IT, THEY'LL COME TO OUR POSITION. THIS BILL  
15 WILL CHANGE. IT'S A WORK IN PROGRESS. BUT AS I GO TO  
16 MEET WITH LEGISLATORS, LAST SEASON I WAS FAIRLY CLEAR  
17 ABOUT HOW I FELT ABOUT THEN SB 13. IT WAS NOT A GOOD  
18 PIECE OF LEGISLATION AT ALL. THERE WAS NO PIECE OF IT  
19 THAT WAS GOOD. WHEREAS, HERE, YOU KNOW, YOU CAN SORT  
20 OF SEE EVERYONE IS FOR THE FAIR PRICING. EVERYONE IS  
21 FOR THE ACCESS. YOU KNOW, IT'S A DIFFERENT KIND OF  
22 ARGUMENT, AND I THINK IT'S A DIFFERENT POSTURE AS WELL.

23 SO FOR ONE, WHEN I TALK TO THE MEMBERS,  
24 THAT'S THE TONE I'M GOING TO TAKE.

25 DR. PENHOET: I SHOULD EMPHASIZE WE'VE HAD

1 PRODUCTIVE MEETINGS WITH SENATOR KUEHL. SHE'S A VERY  
2 INTELLIGENT, ARTICULATE PERSON, AS EVERYONE KNOWS. AND  
3 WE ARE NOT SEEKING A CONFRONTATION WITH HER ON ANY  
4 GROUNDS OTHER THAN WE BELIEVE THIS IS PREMATURE, AND WE  
5 BELIEVE WE WILL ACHIEVE THE SAME OBJECTIVES AS SHE  
6 SEEKS, WHICH IS FAIR PRICING, ACCESS, AND A FAIR RETURN  
7 TO THE STATE. AND BOB'S POINT IS A GOOD ONE. IN THE  
8 REGULATORY PROCESS, IT'S A LOT EASIER TO ADAPT THESE  
9 THINGS IN THE FUTURE THAN IF THEY'RE SET IN STONE BY  
10 LEGISLATION.

11 DR. PRIETO: I'D LIKE TO MAKE A MOTION THAT  
12 THE ICOC OPPOSE SB 771 AS CURRENTLY WRITTEN AND,  
13 INSTEAD, ENCOURAGE THE LEGISLATURE TO PARTICIPATE WITH  
14 US IN THE PROCESS WE'VE SET IN MOTION TO REFINE AND  
15 DEVELOP OUR IP POLICIES.

16 MS. LANSING: SECOND.

17 DR. PRIETO: ON THE BASIS THAT THIS BILL AS  
18 WRITTEN IS PREMATURE.

19 MS. LANSING: SECOND.

20 MR. SIMPSON: JOHN SIMPSON FROM THE  
21 FOUNDATION FOR TAXPAYER AND CONSUMER RIGHTS. JUST  
22 FIRST, LET ME ACKNOWLEDGE THAT THE MEETING YESTERDAY, I  
23 THOUGHT, WAS VERY PRODUCTIVE AND USEFUL AND WAS GLAD TO  
24 BE THERE. I UNDERSTOOD IT TO BE AN ATTEMPT TO  
25 IMPLEMENT THE POLICIES THAT YOU HAVE ALREADY PASSED

1     HERE, SO WE WERE DRAFTING LANGUAGE. SO I TRIED NOT TO  
2     BRING POLICY ISSUES UP THERE, BUT I DID WANT TO JUST  
3     MAKE A SIMPLE POINT ABOUT BOTH YOUR POLICY HERE AND THE  
4     BILL.

5             AND IN THIS PROCESS OF WORKING TOGETHER WITH  
6     THE LEGISLATURE, I HOPE THAT THERE WOULD BE A WAY TO  
7     ADDRESS WHAT IS STILL, I THINK, A GREAT GAP AND  
8     ABSENCE. YOU'RE TALKING ABOUT PRICE AND A FAIR PRICE  
9     BREAK ONLY TO THE THINGS THAT ARE PURCHASED WITH PUBLIC  
10    FUNDS. AND ALSO YOUR PROVISIONS IN THE BILL IS TALKING  
11    ABOUT ACCESS FOR PEOPLE WHO DON'T HAVE INSURANCE. WE  
12    STILL HAVE NOT, I WOULD SUBMIT, ADEQUATELY ADDRESSED  
13    THE CONCERNS THAT THE AVERAGE CALIFORNIAN COULD BE  
14    FACED WITH -- I ALWAYS GO BACK TO MY GENENTECH  
15    EXAMPLE -- THE SORT OF OUTRAGEOUS, EGREGIOUS PRICING OF  
16    SOMETHING THAT HAS BEEN FUNDED WITH PUBLIC RESEARCH.

17            SO I WOULD HOPE THAT IN THE PROCESS OF  
18    COLLABORATIVELY WORKING WITH THE LEGISLATURE, SOME  
19    PROVISION STILL WOULD EMERGE THAT, IN THE PERHAPS  
20    UNLIKELY EVENT OF EGREGIOUS, UNREASONABLE PRICING,  
21    THERE IS A MECHANISM TO INTERVENE, THAT THE ATTORNEY  
22    GENERAL CAN STEP IN AND DO SOMETHING WITH THAT. IT'S  
23    NOT IN YOUR LANGUAGE YET. IT'S NOT ANYWHERE NEAR THE  
24    LANGUAGE OF SB 771, BUT IT SHOULD BE IN THE LANGUAGE OF  
25    WHAT FINALLY COMES OUT OF THE PROCESS.

1                   I WOULD ALSO ADD, JUST TO REPORT TO YOU, THAT  
2   THERE IS ALWAYS A PRODUCTIVE OUTCOME OF THESE SORTS OF  
3   WORKING GROUP MEETINGS YESTERDAY. I GET TO KNOW A LOT  
4   OF LAWYERS FOR THE BIOTECH INDUSTRY, AND WE OFTEN  
5   AFTERWARDS, BELIEVE IT OR NOT, HAVE VERY CORDIAL,  
6   SOMETIMES FRANK, FULL EXCHANGES OF OUR VARIOUS VIEWS.  
7   I WAS TALKING YESTERDAY TO -- I WON'T SAY WHAT  
8   COMPANY'S LAWYER OTHER THAN TO SAY HE HAS LICENSED SOME  
9   PATENTS THAT WE HAVE CHALLENGED SUCCESSFULLY UP UNTIL  
10  NOW. SO WE WEREN'T TALKING ABOUT THE PATENT DISPUTE,  
11  BUT RATHER ABOUT THE CONCEPT OF WHAT'S APPROPRIATE FOR  
12  PRIVATE FINANCING. AND HE EXPRESSED KEEN INTEREST IN  
13  LEARNING MORE ABOUT THE POSSIBILITY OF DEBT RATHER THAN  
14  GRANTS, WHICH INTRIGUED ME. AND I THOUGHT I WOULD JUST  
15  REPORT THAT, THAT AS YOU GO FORWARD, THERE MAY BE  
16  GREATER NEED TO THINK ABOUT HOW TO MAKE LOANS TO  
17  PRIVATE COMPANIES RATHER THAN GRANTS. HE SEEMED VERY  
18  INTERESTED IN THAT.

19                  MR. REED: DON REED. I ATTENDED THE MEETING  
20  YESTERDAY ALSO, AND ONE THING THAT STRIKES ME AS WE  
21  STRUGGLE TOWARD ACCESS AND PRICING AND ALL THAT STUFF,  
22  THERE'S NOTHING MORE EXPENSIVE THAN DISEASE. TAKE ONE  
23  HIGH LEVEL QUADRAPLEGIC THROUGH LIFE, MEDICAL EXPENSE,  
24  3 TO \$5 MILLION. SO PRICES WILL BE EXPENSIVE, BUT  
25  THERE MUST BE CURES. SO I WOULD SUPPORT OPPOSING THIS

1 BILL AT LEAST UNTIL SUCH TIME AS IT CAN BE WORKED OUT  
2 TO BE AGREEABLE BECAUSE THE ONLY THING THAT REALLY  
3 MATTERS IS THAT THE RESEARCH MUST GO FORWARD.

4 MR. SERRANO-SEWELL: CALL THE QUESTION.

5 CHAIRMAN KLEIN: WE HAVE A MOTION AND A  
6 SECOND. WE DON'T NEED A ROLL CALL VOTE IN THIS CASE.  
7 ALL IN FAVOR SAY AYE. OPPOSED. LET IT BE SHOWN IT  
8 PASSED UNANIMOUSLY. THANK YOU. WE'LL MOVE TO THE NEXT  
9 ITEM.

10 I'D LIKE TO ACTUALLY DO THE MERIT AND  
11 PROFESSIONAL DEVELOPMENT PROGRAM NEXT. HOPEFULLY WE  
12 CAN DO THAT QUICKLY. MELISSA, WOULD YOU LIKE TO MAKE A  
13 COMMENT?

14 MS. KING: IT'S POSSIBLE THAT WE SHOULD MOVE  
15 ON THE PROPOSED ADDITIONAL AGENDA ITEM AT THIS TIME  
16 INSTEAD.

17 CHAIRMAN KLEIN: WE CAN CERTAINLY DO THAT.

18 MR. ROTH: SO WHY DON'T WE CONSIDER U.S. BILL  
19 NO. 30. I'D LIKE TO MAKE A MOTION THAT THE ICOC BOARD  
20 TODAY CONSIDER A POSITION ON THAT BILL.

21 DR. WRIGHT: SECOND.

22 CHAIRMAN KLEIN: SO THIS IS A MOTION TO  
23 CONSIDER A POSITION ON SENATE BILL 30. IN ORDER TO ADD  
24 IT TO THE AGENDA, WE NEED A TWO-THIRDS VOTE. SO  
25 THERE'S A MOTION.

1 DR. WRIGHT: I'LL SECOND IT.

2 CHAIRMAN KLEIN: THERE'S A SECOND BY DR.  
3 WRIGHT. JAMES HARRISON, WOULD YOU LIKE TO ADD ANY  
4 INFORMATION?

5 MR. HARRISON: JUST TO BE CLEAR, THIS MOTION  
6 REQUIRES YOU TO MAKE A DETERMINATION THAT THERE'S A  
7 NEED FOR YOUR CONSIDERATION OF THIS MATTER IMMEDIATELY,  
8 AND ALSO THAT THE NEED AROSE AFTER THE INITIAL AGENDA  
9 WAS MAILED OUT.

10 CHAIRMAN KLEIN: WHAT'S IMPORTANT HERE  
11 FACTUALLY IS THAT THERE WAS A DECISION BY THE U.S.  
12 SENATE, WHICH WE CLEARLY DON'T HAVE ANY CONTROL OVER,  
13 TO MOVE THIS BILL, SB 30, THIS WEEK. AND THEY MADE  
14 THAT CLEAR ON GOOD FRIDAY, SO IT WAS NOT ANTICIPATED  
15 THAT SOMETHING WOULD BE NEEDED AT THIS MEETING ON THIS  
16 BILL. THEREFORE, WE'RE TRYING TO RESPOND AS DR. VARMUS  
17 HAS AND AS GEORGE DALY AT HARVARD AND AS THE ISCCR IS  
18 TO SOMETHING THAT IS PRECIPITOUS WITH EVERYONE TRYING  
19 TO MOVE OVER THE EASTER WEEKEND AND IMMEDIATELY THIS  
20 WEEK. IT'S EXPECTED THAT THE INITIAL VOTES MAY COME UP  
21 AS EARLY AS THE END OF THIS WEEK.

22 IN ADDRESSING THIS, WE NEED A TWO-THIRDS VOTE  
23 OF THE BOARD TO ADD IT TO THE AGENDA. THAT IS THE  
24 FIRST VOTE. IS THERE ADDITIONAL DISCUSSION ON THIS  
25 ITEM?



1 MR. SERRANO-SEWELL: SO MOVED.

2 CHAIRMAN KLEIN: IT'S BEEN MOVED. IS THERE  
3 PUBLIC DISCUSSION ON ADDING THIS AGENDA ITEM? SEEING  
4 NO PUBLIC DISCUSSION, ALL IN FAVOR. DO WE NEED A ROLL  
5 CALL VOTE?

6 MR. HARRISON: AS LONG AS THERE ARE NO VOTES  
7 IN OPPOSITION, I THINK A ROLL CALL VOTE IS FINE.

8 CHAIRMAN KLEIN: THAT'S MY UNDERSTANDING.  
9 THANK YOU. AGAIN, ALL IN FAVOR. OPPOSED? THANK YOU.  
10 SO WE HAVE ADDED THAT ITEM TO THE AGENDA.

11 I BELIEVE THAT ALL OF THE BOARD MEMBERS HAVE  
12 BEFORE YOU A COPY OF SENATE BILL 30, AND THERE ARE SOME  
13 ADDITIONAL COPIES ON THE TABLE. THEY'RE AVAILABLE TO  
14 THE PUBLIC. AND AS YOU SEE AT SECTION 498(D), HUMAN  
15 PLURIPOTENT STEM CELL RESEARCH, IT GOES THROUGH AND  
16 INDICATES THAT THE SECRETARY SHALL CONDUCT AND SUPPORT  
17 BASIC AND APPLIED RESEARCH ON THE TECHNIQUES FOR  
18 ISOLATION, DERIVATION, PRODUCTION, OR TESTING OF STEM  
19 CELLS, INCLUDING PLURIPOTENT STEM CELLS. AND THEN  
20 PARENTHETICALLY IT SAYS THAT THE FLEXIBILITY OF  
21 EMBRYONIC STEM CELL, WHETHER OR NOT THEY HAVE EMBRYONIC  
22 SOURCES, MAY RESULT IN IMPROVED UNDERSTANDINGS.

23 HOWEVER, THE PROBLEMS OCCUR IN SECTIONS SUB 1  
24 AND SUB 2 WHERE THEY EFFECTIVELY REQUIRE YOU NOT TO  
25 RISK INJURY TO THE HUMAN EMBRYO. OF COURSE, THEY'RE

1     DEFINING THAT AS THE MICROSCOPIC CELLS PRIOR TO 14 DAYS  
2     OF CELL DIVISION UNDER THE FEDERAL STANDARDS WHERE THEY  
3     DO NOT WANT THEM TO BE TESTED, THEY DO NOT WANT YOU TO  
4     DESTROY A BLASTOCYST BY TAKING INNER CELL MASS TO  
5     CREATE A NEW CELL LINE.

6             THE POSITION OF SOME OF THE PEOPLE WHO HAVE  
7     NOT REALLY TAKEN A POSITION ON THIS BILL IS THAT THE  
8     DICKIE WICKER AMENDMENT THAT HAS BEEN HISTORICALLY A  
9     RIDER ON THE ANNUAL APPROPRIATIONS BILL ALREADY  
10    PROHIBITS THIS ACTIVITY, SO WHY WORRY ABOUT IT? WELL,  
11    IT'S A SUBSTANTIAL CHANGE TO GO FROM SOMETHING THAT HAS  
12    TO BE ADDED ANNUALLY TO APPROPRIATIONS BILL TO MAKING  
13    IT PERMANENT IN U.S. STATUTE OF PREVENTING THIS  
14    RESEARCH FROM BEING DONE.

15            ADDITIONALLY, AS DR. GEORGE DALY POINTS OUT,  
16    AMONG OTHERS, IS CREATING THIS WHOLE DEBATE OVER  
17    WHETHER THESE MICROSCOPIC CELLS ARE NATURALLY DEAD OR  
18    NOT IS A BOTTOMLESS PIT THAT REALLY PUTS THE DEBATE  
19    OVER SCIENCE IN AN AREA THAT IS NONSCIENTIFIC AND  
20    EXTRAORDINARILY DIFFICULT. SO IT FURTHER CREATES  
21    OBSTACLES, CONFUSIONS, AND CLOUDS THE ISSUE OF THIS  
22    RESEARCH.

23            THE KEY IN TIMING IS TO MAKE IT CLEAR THAT  
24    THIS IS NOT THE BILL THAT REALLY SUPPORTS STEM CELL  
25    RESEARCH DESPITE THE FACT THAT THEY HAVE NAMED THIS THE

1 HOPE ACT, AND THAT SENATE BILL 5 IS THE HISTORIC AND  
2 COURAGEOUS ACT OF THE U.S. SENATE TO TRY AND ADVANCE  
3 THIS RESEARCH.

4 IS THERE DISCUSSION ON THIS OR ON DR.  
5 VARMUS', DR. DALY'S, OR THE ISCCR'S STATEMENT?

6 MR. SERRANO-SEWELL: I'D LIKE TO FIRST START  
7 BY MAKING THE MOTION TO OPPOSE, THAT THE ICOC OPPOSE  
8 SENATE BILL 30.

9 CHAIRMAN KLEIN: YES. THANK YOU. IS THERE A  
10 SECOND?

11 DR. WRIGHT: I'LL SECOND.

12 CHAIRMAN KLEIN: SECONDED BY DR. WRIGHT. IS  
13 THERE DISCUSSION? IS THERE DISCUSSION FROM THE PUBLIC?  
14 SEEING NO DISCUSSION --

15 MR. SERRANO-SEWELL: CALL THE QUESTION.

16 CHAIRMAN KLEIN: CALL THE QUESTION. ALL IN  
17 FAVOR? OPPOSED? THANK YOU.

18 WE'LL MOVE TO THE NEXT AGENDA ITEM. CAN WE  
19 GO TO THE CONSIDERATION OF CIRM MERIT AND PROFESSIONAL  
20 DEVELOPMENT PROGRAM. AND I BELIEVE THAT LORI HOFFMAN,  
21 SHE IS GOING TO ADDRESS THAT AFTER THE ITEM IS  
22 INTRODUCED BY THE CHAIR OF OUR GOVERNANCE COMMITTEE,  
23 SHERRY LANSING.

24 MS. LANSING: THE GOVERNANCE SUBCOMMITTEE  
25 CONSIDERED THIS PROGRAM AT OUR MEETING ON APRIL 5TH.

1 AND AFTER MUCH DISCUSSION AND DETAILED DISCUSSION, OUR  
2 SUBCOMMITTEE VOTED UNANIMOUSLY TO RECOMMEND THIS TO THE  
3 ICOC FOR APPROVAL.

4 I'D LIKE NOW OUR CHIEF FINANCIAL AND  
5 ADMINISTRATIVE OFFICER, LORI HOFFMAN, TO ANSWER ANY  
6 QUESTIONS THAT YOU MIGHT HAVE ON THIS. SO ARE THERE  
7 ANY QUESTIONS? IF THERE ARE NO QUESTIONS, I'D LIKE TO  
8 SEEK A MOTION.

9 CHAIRMAN KLEIN: MOVE APPROVAL.

10 MS. LANSING: IS THERE A SECOND?

11 DR. PENHOET: SECOND.

12 MS. LANSING: ANY FURTHER DISCUSSION? THEN I  
13 THINK WE NEED A VOTE. WE NEED TO DO A ROLL CALL VOTE?  
14 NO. ALL IN FAVOR? ANY OPPOSED?

15 ALL RIGHT. THEN I THINK WE'RE GOING TO DO  
16 ALSO OUR ANNUAL FINANCIAL AUDIT. AND WE HAVE OUR  
17 FINANCIAL AUDIT TEAM HERE, AND THEY'RE IN PERSON TODAY  
18 TO PRESENT THIS AUDIT. AND BEFORE THEY MAKE THEIR  
19 PRESENTATION, I'D LIKE TO ASK LORI TO ADDRESS THIS  
20 ITEM.

21 MS. HOFFMAN: THANK YOU SO MUCH. I'D LIKE TO  
22 BRING YOUR ATTENTION TO TWO BOUND DOCUMENTS THAT YOU  
23 HAVE, ONE CALLED THE "REPORT TO MANAGEMENT" AND THE  
24 SECOND IS THE "FINANCIAL STATEMENT," BOTH BY MGO, OUR  
25 FINANCIAL AUDITORS. I'D LIKE TO NOW ASK HEATHER JONES

1 TO COME TO THE PODIUM TO MAKE A VERY BRIEF PRESENTATION  
2 TO YOU.

3 CHAIRMAN KLEIN: AND FOR THE BENEFIT OF THE  
4 BOARD, UNDER ITEM 12 IN YOUR AGENDA, WE'RE MOVING THIS  
5 ITEM UP.

6 MS. JONES: GOOD MORNING. MY NAME IS HEATHER  
7 JONES. I'M AN AUDIT DIRECTOR WITH MACIAS, GINI, AND  
8 O'CONNELL. OUR FIRM SERVES SOME OF THE LARGEST STATE  
9 AND LOCAL GOVERNMENT AGENCIES IN CALIFORNIA. WE  
10 APPRECIATE THE OPPORTUNITY TO HAVE SERVED THE  
11 INSTITUTE.

12 WE WERE ENGAGED LAST FALL TO AUDIT THE  
13 FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30,  
14 2006, AND AS A PART OF THAT AUDIT, HAVE ISSUED THREE  
15 PRODUCTS. THE FIRST BEING OUR OPINION ON YOUR  
16 FINANCIAL STATEMENTS, THE SECOND BEING OUR REPORT TO  
17 YOU ON INTERNAL CONTROLS AND COMPLIANCE, AND THE THIRD  
18 BEING THE REPORT TO MANAGEMENT THAT LORI JUST  
19 MENTIONED.

20 MANAGEMENT IS RESPONSIBLE FOR ADOPTING  
21 ACCOUNTING POLICIES FOR IMPLEMENTING AND MONITORING  
22 INTERNAL CONTROLS AND ULTIMATELY FOR THE PREPARATION OF  
23 THE FINANCIAL STATEMENTS. WE AS YOUR EXTERNAL  
24 AUDITOR'S ARE RESPONSIBLE FOR CONDUCTING OUR AUDIT TO  
25 PROVIDE REASONABLE, BUT NOT ABSOLUTE ASSURANCE TO YOU

1     THAT YOUR FINANCIAL STATEMENTS ARE FREE OF MATERIAL  
2     MISSTATEMENT.

3             WE ARE ALSO RESPONSIBLE UNDER GOVERNMENT  
4     AUDITING STANDARDS TO CONSIDER INTERNAL CONTROLS AND  
5     COMPLIANCE AS IT RELATES TO THE FINANCIAL STATEMENTS;  
6     BUT UNLIKE THE PRIVATE SECTOR UNDER SEC RULES, WE'RE  
7     NOT REQUIRED TO OPINE ON INTERNAL CONTROLS. THAT BEING  
8     SAID, IF SIGNIFICANT DEFICIENCIES CAME TO OUR ATTENTION  
9     DURING OUR AUDIT, WE WOULD BE REQUIRED TO REPORT THAT  
10    TO YOU.

11            PLEASED TO REPORT THAT WE'VE ISSUED AN  
12    UNQUALIFIED, OTHERWISE KNOWN AS A CLEAN OPINION, ON  
13    YOUR FINANCIAL STATEMENTS. DURING OUR AUDIT WE CAME  
14    ACROSS NO MATERIAL WEAKNESSES IN INTERNAL CONTROLS, NO  
15    INSTANCES OF MATERIAL NONCOMPLIANCE. AND ALSO, AS  
16    DISCUSSED IN THE REPORT TO MANAGEMENT, I WANTED TO  
17    HIGHLIGHT THE FACT THAT THERE WERE NO SIGNIFICANT AUDIT  
18    ADJUSTMENTS, NO DISAGREEMENTS WITH MANAGEMENT, OR OTHER  
19    DIFFICULTIES ENCOUNTERED DURING OUR AUDIT.

20            WITH THAT SAID, THE AUDIT, THE PREPARATION OF  
21    THE FINANCIAL STATEMENTS REQUIRES GREAT COORDINATION  
22    BETWEEN MANAGEMENT OF THE INSTITUTE AND THE STATE  
23    CONTROLLER'S OFFICE, AND WE APPRECIATE LORI'S EFFORTS,  
24    MARCY DAVIE'S EFFORTS, AND ALL OF THE COOPERATION THAT  
25    WAS EXTENDED TO US. BE HAPPY TO ANSWER ANY QUESTIONS

1 YOU MAY HAVE ON EITHER THE FINANCIAL STATEMENTS OR OUR  
2 MANAGEMENT REPORT.

3 DR. LOVE: COULD I JUST OFFER MY  
4 CONGRATULATIONS TO LORI AND HER STAFF, AND NOTE THAT I  
5 BELIEVE SINCE SOX 404 WAS IMPLEMENTED A COUPLE YEARS  
6 AGO, FULLY 40 PERCENT OF SMALL COMPANIES, WHICH HAVE  
7 MUCH BIGGER STAFFS AND ORGANIZATION THAN SHE HAS, HAVE  
8 FAILED TO GET UNQUALIFIED OPINIONS. AND AS YOU ALL  
9 READ THE NEWSPAPERS, YOU RECOGNIZE THAT LARGE COMPANIES  
10 OF THE SIZE OF GE FAILED TO GET UNQUALIFIED OPINIONS.  
11 SO CONGRATULATIONS.

12 (APPLAUSE.)

13 MS. LANSING: THAT'S A WELL-DESERVED ROUND OF  
14 APPLAUSE. ANY OTHER COMMENTS?

15 DR. KESSLER: IS THERE -- AS WE NOW MOVE INTO  
16 THIS NEXT PHASE OF GIVING OUT GRANTS, DOES THAT CHANGE  
17 THE COMPLEXITY OF OUR FINANCIAL OPERATIONS? AND IF SO,  
18 HOW DOES AN AUDITOR LOOK AT THAT NOW THAT WE'RE  
19 ACTIVELY IN BUSINESS?

20 MS. JONES: OUR FIRM DOES TAKE A RISK-BASED  
21 AUDIT APPROACH, SO WITH MORE DOLLARS GOING OUT THE  
22 DOOR, CLEARLY OUR RISK IS INCREASED IN THAT PARTICULAR  
23 AREA. WE WOULD BY DEFAULT DEVOTE MUCH MORE ATTENTION  
24 TO THAT PARTICULAR AREA. YOU WILL ALSO SEE IN OUR  
25 MANAGEMENT REPORT THAT WE HAVE RECOMMENDED TO

1 MANAGEMENT THAT MORE FORMAL POLICIES BE PUT IN PLACE  
2 WITH RESPECT TO MONITORING GRANT PROVISIONS TO ENSURE  
3 COMPLIANCE WITH THOSE GRANTS. SO IT CERTAINLY WILL  
4 INCREASE THE ACTIVITIES ON BOTH THE FINANCIAL  
5 ACCOUNTING AND THE AUDIT SIDE.

6 DR. KESSLER: ARE YOU COMFORTABLE THAT WE'RE  
7 STAFFED APPROPRIATELY TO DO THAT?

8 MS. JONES: I'M NOT SURE THAT I'M IN A  
9 POSITION TO ADDRESS THAT AT THIS VERY MOMENT. AGAIN,  
10 WE WERE LOOKING BACK HISTORICALLY TO 2006. THERE WAS  
11 ROUGHLY 14 MILLION, JUST OVER 13 MILLION IN GRANTS  
12 GIVEN OUT IN 2006. IT SOUNDS LIKE THAT WILL BE  
13 ELEVATED SIGNIFICANTLY.

14 DR. KESSLER: IF AT ANY POINT YOU BECOME  
15 AWARE OF QUESTIONS ABOUT OR, YOU KNOW, CAN GIVE US  
16 CERTAIN ADVICE, IF YOU COULD PASS THAT ON TO OUR  
17 GOVERNANCE COMMITTEE, THAT WOULD BE VERY HELPFUL.

18 MS. JONES: WE TAKE THAT VERY SERIOUSLY.  
19 ABSOLUTELY.

20 MS. LANSING: ANY OTHER QUESTIONS, COMMENTS?  
21 DOES THIS AGENDA ITEM NEED TO BE APPROVED? NO. THIS  
22 WAS JUST FOR INFORMATION THEN. SO THANK YOU VERY, VERY  
23 MUCH AND CONGRATULATIONS AGAIN.

24 CHAIRMAN KLEIN: ALL RIGHT. WE WILL NOW GO  
25 TO WHAT WAS ITEM NO. 9 ON THE AGENDA FOR THE



1 PRESENTATION OF SURVEY DESCRIPTION AND CONCEPT PLAN FOR  
2 LARGE FACILITIES, ALSO CALLED MAJOR FACILITIES. DR.  
3 HALL.

4 DR. HALL: THANK YOU. SO THE DISCUSSION  
5 TODAY IS THE FIRST STEP IN A PROCESS TO DEVELOPING AN  
6 RFA FOR OUR CIRM FACILITIES PROGRAM. AND I WANTED TO  
7 GO OVER QUICKLY WITH YOU THE PURPOSES OF THE PROGRAM,  
8 SOME OF THE OUTLINES OF WHERE WE ARE WITH RESPECT TO  
9 OUR PREVIOUS PLANS, AND THEN TO RAISE A NUMBER OF  
10 QUESTIONS WITH YOU ABOUT HOW WE SHOULD PROCEED.

11 FIRST OF ALL, LET ME JUST REMIND YOU THAT THE  
12 OVERALL AIMS OF THE FACILITIES GRANTS ARE TO  
13 ESSENTIALLY PROVIDE INFRASTRUCTURE FOR STEM CELL  
14 RESEARCH IN CALIFORNIA, PARTICULARLY RESEARCH ON  
15 PLURIPOTENT HUMAN CELLS. AND AS WE HAVE SAID,  
16 PROPOSITION 71 WILL EXPAND THE EXTENT OF RESEARCH  
17 ACTIVITY IN CALIFORNIA. THIS IS AN ADDITION TO AN  
18 ALREADY VIGOROUS BIOMEDICAL RESEARCH ENTERPRISE, SO IT  
19 WILL REQUIRE NEW FACILITIES, NEW SPACE. IT'S  
20 PARTICULARLY NEEDED FOR SPACE OUTSIDE THE FEDERAL  
21 GUIDELINES, AS LONG AS THAT IS A PROBLEM.

22 AND THEN FINALLY, AN ISSUE THAT CAME UP THIS  
23 MORNING, IN DISCUSSION AT DAVIS THAT I MENTIONED  
24 BEFORE, AT THOSE INSTITUTIONS THAT HAVE FACILITIES,  
25 DEDICATED SPACE AND CONTIGUOUS SPACE FOR STEM CELL

1 RESEARCH WILL SERVE AS A PHYSICAL LOCUS FOR THE  
2 ACTIVITY. IT WILL INCREASE INTERACTION AND PROVIDE  
3 REALLY A CENTER OF INTELLECTUAL AND TECHNICAL ACTIVITY  
4 RELATED TO STEM CELL RESEARCH. SO WE THINK IT WILL  
5 MATERIALLY BOOST, NOT SIMPLY BY PROVIDING SQUARE FEET,  
6 BUT ALSO BY PROVIDING A PLACE WHERE ALL THIS CAN GO  
7 FORWARD. IT WILL MATERIALLY BOOST THE QUALITY OF THE  
8 WORK AT THE VARIOUS INSTITUTIONS.

9 NOW, WE HAVE WHAT WE MIGHT CALL A  
10 THREE-TIERED PROGRAM. AND THAT IS, WE IMAGINE, AND  
11 THIS IS FROM THE SCIENTIFIC STRATEGIC PLAN, THAT WE  
12 WILL HAVE A LARGE NUMBER OF SHARED RESEARCH LABORATORY  
13 GRANTS WHICH ARE IN THE PROGRAM THAT WE WILL BE  
14 CONSIDERING IN JUNE FOR APPROVAL, THAT WE WILL HAVE,  
15 THEN, A FEW VERY LARGE FACILITIES GRANTS, AND THAT WE  
16 WILL THEN HAVE ALSO AN INTERMEDIATE LEVEL OF SMALLER  
17 FACILITIES GRANTS.

18 AND THIS SORT OF TIERED ARRANGEMENT  
19 RECOGNIZES THE VARIETY OF RESEARCH INSTITUTIONS IN  
20 CALIFORNIA. THAT IS, THERE ARE SOME THAT HAVE  
21 LITERALLY STEM CELL RESEARCHERS, A HUNDRED OR MORE,  
22 THERE ARE SOME THAT HAVE ONLY A FEW, AND THEN THERE ARE  
23 INSTITUTIONS THAT ARE SOMEWHERE IN BETWEEN. WE ALSO  
24 RECOGNIZE THAT DIFFERENT INSTITUTIONS MAY HAVE  
25 DIFFERENT NEEDS, MAY HAVE DIFFERENT CAPABILITIES, MAY

1 HAVE DIFFERENT DEGREES OF CONCENTRATION.

2 ONE OF THE ISSUES THAT HAS COME UP IS THAT AT  
3 LEAST IN ONE CASE WE KNOW SEVERAL INSTITUTIONS PLAN ON  
4 COLLABORATING TO HAVE A PHYSICAL LOCUS IN A GIVEN  
5 GEOGRAPHICAL LOCATION FOR STEM CELL RESEARCH. WE THINK  
6 THIS IS TERRIFIC IN THE SENSE THAT IT WILL, WHERE IT'S  
7 POSSIBLE, AND, INDEED, IT IS IN THIS CASE, THAT IT WILL  
8 FURTHER FOSTER A CROSS INSTITUTIONAL STEM CELL RESEARCH  
9 COMMUNITY THAT WILL ENRICH ALL STEM CELL RESEARCH IN  
10 THIS PARTICULAR AREA.

11 SO WE IN A SENSE ENVISION A PROGRAM THAT WILL  
12 TRY TO ACCOMMODATE, MUCH AS OUR TRAINING PROGRAM DID,  
13 INSTITUTIONS OF DIFFERENT SIZES AND DIFFERENT  
14 CAPABILITIES AND DIFFERENT POTENTIALS.

15 NOW, IN THE SCIENTIFIC STRATEGIC PLAN, IF I  
16 COULD SEE THE NEXT SLIDE PLEASE, WE GAVE A SORT OF  
17 PROVISIONAL BUDGET FOR THIS. SO WE ESTIMATED THERE  
18 THAT THE LARGE FACILITIES WOULD BE GRANTS OF TENS OF  
19 MILLIONS TO FIVE OR MORE LARGE INSTITUTIONS FOR A TOTAL  
20 OF ABOUT \$150 MILLION. WE IMAGINE THAT THE SMALLER  
21 FACILITIES WOULD BE FIVE TO 10 MILLION TO A NUMBER OF  
22 INSTITUTIONS, UNSPECIFIED NUMBER, FOR A TOTAL OF ABOUT  
23 72 MILLION. AND THEN THE SHARED RESEARCH LABORATORIES,  
24 AS YOU KNOW, YOU HAVE APPROVED 15 AT ABOUT 17.5  
25 MILLION. OF COURSE, IN JUNE, WHEN THESE GRANTS COME TO

1 YOU, YOU HAVE THE OPTION OF EITHER INCREASING OR  
2 DECREASING THAT AMOUNT. THAT IS YOUR PREROGATIVE, BUT  
3 THAT IS THE AMOUNT THAT'S CURRENTLY APPROVED.

4 NOW, I MIGHT SAY THAT WE ALSO PLANNED IN THE  
5 SCIENTIFIC STRATEGIC PLAN TO HOLD OUT SOME OF THE MONEY  
6 AS SUPPORT FOR CORE FACILITIES WHICH MIGHT INCLUDE A  
7 STEM CELL BANK, IT MIGHT INCLUDE A GMP, LARGE SCALE GMP  
8 FACILITY, IT MIGHT INCLUDE GRANTS FOR SPECIFIC ITEMS OF  
9 MAJOR EQUIPMENT TO INSTITUTIONS ACROSS THE STATE THAT  
10 WE THOUGHT WOULD BE HELPFUL TO THEM. SO THAT AMOUNT IS  
11 \$35 MILLION AS CURRENTLY ENVISAGED.

12 NOW, THE NEXT SLIDE THEN JUST SHOW HOW THIS  
13 FITS INTO OUR OVERALL BUDGET. THE ENTIRE CIRCLE IS THE  
14 ENTIRE BUDGET UNDER PROPOSITION 71 OVER THE TEN YEARS.  
15 THE PURPLE TRIANGLE, THEN, IS THE CONSTRUCTION MONEY.  
16 AS YOU CAN SEE, IT'S JUST THE FIGURES I GAVE YOU. WE  
17 START WITH THE SHARED LABS AT 17 MILLION ROUGHLY, SMALL  
18 FACILITIES 72, LARGE FACILITIES 150, AND THEN A BANK OR  
19 CORE THAT IS FUTURE ACTIVITIES IN THIS AREA OF 35  
20 MILLION.

21 SO IF I COULD HAVE THE NEXT SLIDE PLEASE.  
22 THE TENTATIVE SCHEDULE THAT WE ARE PROCEEDING FOR THE  
23 LARGE FACILITIES GRANTS IS AS FOLLOWS. WE WANT TO USE  
24 THIS MEETING TO GATHER INFORMATION FROM YOU ABOUT YOUR  
25 THOUGHTS ABOUT WHAT WE SHOULD DO. WE ALSO HAVE A

1 FACILITIES WORKING GROUP MEETING ON APRIL 13TH. WE  
2 WILL RAISE SOME OF THE SAME ISSUES WITH THAT GROUP, AND  
3 THEN WE WILL WORK TOGETHER TO DEVELOP A CONCEPT  
4 APPROVAL FOR AN RFA AT THE JUNE ICOC MEETING. AND  
5 DEPENDING ON WHETHER OR NOT THAT CONCEPT THAT WE  
6 DEVELOP IS ONE THAT YOU APPROVE OR WHETHER IT REQUIRES  
7 MODIFICATION, WE SHOULD BE ABLE TO GET AN RFA ISSUED IN  
8 JUNE OR JULY WITH A FALL REVIEW AND APPROVAL IN  
9 DECEMBER 2007 OR JANUARY 2008.

10 SO THIS IS A POSSIBLE SCHEDULE. AND LET ME  
11 EMPHASIZE. LORI JUST TURNED. FEBRUARY 2008. MARCH  
12 2008. I BEG YOUR PARDON. AT ANY RATE, THIS IS THE  
13 SCHEDULE THAT WE HAVE, A PROVISIONAL AND TENTATIVE  
14 SCHEDULE. WE WILL COME BACK AND CONSIDER EACH OF THESE  
15 ELEMENTS. I JUST HAVE THIS AS A FRAMEWORK FOR THE  
16 DISCUSSION.

17 LET ME JUST GO AHEAD, IF I MAY, SHERRY --

18 MS. LANSING: YEAH. YEAH. KEEP GOING.

19 DR. HALL: -- AND OUTLINE THE QUESTIONS AND  
20 THEN WE'LL COME BACK. SO THERE ARE A SERIES OF  
21 QUESTIONS THAT WE WOULD LIKE TO HEAR FROM YOU ON.  
22 FIRST OF ALL, IS THE THREE-TIERED PLAN THAT WE'VE  
23 OUTLINED HERE THE RIGHT APPROACH? SECONDLY, ARE THE  
24 BROAD BUDGET OUTLINES ABOUT RIGHT? AND, AGAIN, YOU  
25 HAVE THE PREROGATIVE OF, ONCE YOU HAVE SEEN THE

1 APPLICATIONS, YOU MAY WISH TO INCREASE OR DECREASE THAT  
2 DEPENDING ON THEIR QUALITY OR DEPENDING ON WHAT YOU DO.  
3 BUT WE DO NEED TO SET THE SORT OF BROAD OUTLINES IN  
4 ORDER TO GO AHEAD WITH THIS.

5 PROPOSITION 71 REQUIRES 20-PERCENT MATCHING  
6 FUNDS. AND ONE ISSUE IS SHOULD PREFERENCE BE GIVEN TO  
7 APPLICATIONS WITH A HIGHER MATCH? AND SHOULD THE MATCH  
8 BE RESTRICTED TO DOLLAR CONTRIBUTIONS TOWARD  
9 CONSTRUCTION? IT WON'T SURPRISE MANY OF YOU ASSOCIATED  
10 WITH RESEARCH INSTITUTIONS, AND I SAY THIS AS ONE WHO  
11 SERVED IN THIS CAPACITY VERY WELL FOR SOME TIME, THAT  
12 INSTITUTIONS CAN BE INGENIOUS IN DEFINING MATCHING  
13 FUNDS. AND THE QUESTION IS DO WE WISH TO HAVE SOME  
14 SORT OF CONSTRAINTS ON THAT?

15 NOW, ANOTHER QUESTION WHICH I WANT TO RAISE  
16 WITH YOU IS SHOULD THE LARGE AND SMALL GRANTS BE PART  
17 OF THE SAME RFA OR A SEQUENTIAL RFA? LET ME POSE IT TO  
18 YOU THIS WAY. WE WENT THROUGH THIS A LITTLE BIT WITH  
19 THE TRAINING GRANTS. IF WE HAVE THEM TOGETHER, THEN  
20 INSTITUTIONS WILL BE REQUIRED TO CHOOSE LARGE OR SMALL.  
21 OKAY. AND IF THEY CHOOSE INCORRECTLY IN EITHER WAY,  
22 THEY STAND TO LOSE OUT. AND ALTHOUGH IT IS SOMEWHAT  
23 MORE INEFFICIENT, ANOTHER POSSIBILITY WOULD BE TO HAVE  
24 THE LARGE FACILITIES GRANT COME FIRST. ANYBODY WHO  
25 WANTS TO CAN APPLY FOR THAT FOR TENS OF MILLIONS OF

1 DOLLARS, IF YOU AGREE THAT'S WHAT IT SHOULD BE. THEN  
2 THOSE INSTITUTIONS THAT MAY ASPIRE TO THAT, BUT DON'T  
3 MAKE IT, CAN THEN COME BACK IN FOR A 5 TO \$10 MILLION  
4 GRANT. THAT IS, YOU DON'T HAVE TO CHOOSE UP FRONT ONE  
5 OR THE OTHER. EVERYBODY CAN HAVE A GO AT THE LARGE  
6 MONEY, AND THEN THOSE THAT DON'T SUCCEED CAN HAVE A GO  
7 AT THE SMALLER MONEY. SO THAT IS ALSO A QUESTION.

8 NEXT SLIDE. THE NEXT QUESTION IS SHOULD THE  
9 REVIEW OF APPLICATIONS FOLLOW THE SAME GENERAL  
10 PROCEDURES AS FOR THE SHARED RESEARCH LABORATORY  
11 FACILITIES GRANTS; I.E., WITH REVIEW BY BOTH GRANTS AND  
12 FACILITIES WORKING GROUPS AND WITH RECOMMENDATIONS FROM  
13 BOTH GROUPS GOING TO YOU, THE ICOC, FOR FINAL DECISION?

14 NOW, THERE ARE TWO OTHER ELEMENTS WHICH WE  
15 COULD OR COULD NOT INCLUDE IN THIS. ANOTHER WAY OF  
16 DOING THIS, WHICH HAS COME UP, WOULD BE TO HAVE A  
17 PREQUALIFICATION. THAT IS, YOU SAY, OKAY, WE WILL ASK  
18 EVERYBODY WHO WANTS ONE OF THE LARGE GRANTS TO FILE A  
19 CERTAIN AMOUNT OF MATERIAL. WE THEN WOULD GO THROUGH  
20 AND REVIEW THAT. WE WOULD BRING IT TO THE ICOC, AND WE  
21 WOULD THEN -- THE ICOC WOULD SAY, THEN, WE ENCOURAGE  
22 THE FOLLOWING INSTITUTIONS TO COME BACK IN FOR A SECOND  
23 ROUND, AND THEN TO DEVELOP THEIR PLANS FURTHER.

24 THE ADVANTAGE OF THIS IS THAT SOME  
25 INSTITUTIONS MAY NOT WISH TO PUT IN THE MONEY UP FRONT

1 TO DEVELOP THESE PLANS UNLESS THEY THINK THEY HAVE A  
2 REAL CHANCE AT SUCCEEDING. THE DISADVANTAGE IS THAT IT  
3 ADDS ANOTHER STEP, IT LENGTHENS THE PROCEDURE, AND I  
4 THINK IT RAISES THE DIFFICULT ISSUE OF IS THE  
5 PREQUALIFICATION REALLY THE DECISION-MAKING? THAT IS,  
6 IF YOU ENCOURAGE AN INSTITUTION NOW TO GO AHEAD AND PUT  
7 IN BIG BUCKS TO DEVELOP THESE PLANS, ARE YOU STILL  
8 GOING TO SAY NO? ARE YOU GOING TO CUT IT DOWN FURTHER?

9 FINALLY IS THE ISSUE OF A SURVEY OF  
10 INSTITUTIONAL PLANS BEFORE ISSUING THE RFA. THIS HAS  
11 COME UP BEFORE, AND AT ONE POINT I KNOW THE ICOC  
12 THOUGHT THIS WAS A GOOD IDEA. I WOULD SAY THAT IF YOU  
13 STILL FEEL IT IS, WE CAN DO THIS. TO MY MIND IT ADDS  
14 AN UNNECESSARY FURTHER STEP. AND SOME EXERCISE,  
15 ADMITTEDLY, INFORMAL WITH SEVERAL PEOPLE, WE HAVE TRIED  
16 TO SAY WHAT KINDS OF PLANS MIGHT AN INSTITUTION HAVE  
17 THAT THEY WOULD REVEAL TO US IN A SURVEY THAT WE CAN'T  
18 THINK OF AND THAT WOULD CHANGE THE RFA? AND WE WERE  
19 UNABLE TO COME UP WITH A CONVINCING CASE.

20 SO MY SUGGESTION WOULD BE THAT ONE  
21 POSSIBILITY WOULD BE TO BRING YOU A CONCEPT APPROVAL  
22 FOR AN RFA IN JUNE, ASK FOR AN LOI, LETTER OF INTENT,  
23 AND WE WILL WITH THAT LETTER OF INTENT FIND OUT WHAT  
24 THE RANGE OF POSSIBILITIES IS. I THINK MOST OF OUR  
25 CONSTITUENT INSTITUTIONS ARE REPRESENTED HERE, AND MY



1 HOPE IS IS THAT ANY DISCUSSION TODAY MIGHT INDICATE ANY  
2 KIND OF PARTICULAR DIRECTION THAT THE RFA SHOULD TAKE  
3 OR NOT TAKE AS A RESULT OF -- THAT COULD HELP US OR  
4 DIRECT US IN PUTTING THIS OUT.

5 SO I LEAVE ALL THIS FOR YOUR CONSIDERATION.  
6 WE'RE NOT HERE TO MAKE ANY SORT OF VOTE OR ANY FINAL  
7 DECISION. IT'S NOT ON THE AGENDA FOR THAT. IT IS FOR  
8 US TO HEAR FROM YOU AND LEARN FROM YOU WHAT YOUR  
9 THOUGHTS ARE ABOUT THESE VARIOUS ISSUES I HAVE RAISED.  
10 AND IF THERE ARE OTHER QUESTIONS THAT YOU WOULD LIKE TO  
11 RAISE THAT ARE NOT INCLUDED IN THIS LIST, WE WOULD LIKE  
12 TO HEAR FROM YOU ABOUT THOSE AS WELL. SO LET ME LEAVE  
13 IT AT THAT AND OPEN THE FLOOR.

14 AND DAVID SERRANO-SEWELL HAD A QUESTION AND  
15 ALSO SHERRY LANSING.

16 MR. SERRANO-SEWELL: IT WAS EXACTLY WHAT YOU  
17 SAID, DR. HALL, THAT BEING ANOTHER QUESTION THAT I HAVE  
18 THAT I HOPE THAT MY COLLEAGUES CAN SPEAK TO. I KNOW  
19 THAT AS A FACILITIES WORKING GROUP MEMBER, I'LL BE  
20 REALLY LOOKING FOR THIS KIND OF DIRECTION FROM MY  
21 COLLEAGUES. AND THAT BEING IF THE FACILITIES WORKING  
22 GROUP MERELY SORT OF MIMICS WHAT THE GRANTS WORKING  
23 GROUP DID IN TERMS OF REVIEWING EACH GRANT APPLICATION,  
24 I DON'T KNOW THAT THAT WILL SERVE US WELL FOR THE  
25 LARGE, SMALL -- THE LARGE AND SMALL FACILITIES GRANTS.

1     THAT'S A DIFFERENT PROCESS.

2                 WE'VE SEEN FROM THE SLIDE FOR THE LARGE  
3     FACILITIES GRANTS, WE'RE TALKING ABOUT TENS OF MILLIONS  
4     OF DOLLARS TO LARGER INSTITUTIONS.  SAME WITH THE  
5     SMALLER GRANTS AS WELL.  AND I'VE HAD SOME INFORMAL  
6     DISCUSSIONS WITH BOTH DR. HALL, RICK, LORI -- I DON'T  
7     KNOW IF I TALKED TO LORI ABOUT IT -- AND I KNOW BOB,  
8     THAT, YOU KNOW, I THINK AS WE GET TO ISSUING THIS RFA,  
9     AND WE'RE NOT GOING TO HAVE THAT CONVERSATION TODAY  
10    NECESSARILY, DR. HALL.  WE'LL HAVE IT IN JUNE WHEN WE  
11    SORT OF LOOK AT THE RFA AND APPROVE IT.  I WOULD LIKE  
12    THERE TO BE -- MAYBE THAT'S THE RIGHT TIME TO HAVE THAT  
13    DISCUSSION -- REALLY SOME DIRECTION FROM THIS GROUP AS  
14    TO WHAT ROLE THE FACILITIES WORKING GROUP PLAY BECAUSE  
15    THEY'LL WANT TO KNOW.  HOW AGGRESSIVE DO YOU WANT THEM  
16    TO BE BECAUSE WE CAN FORMAT THE RFA IN A LOT OF  
17    DIFFERENT WAYS THAT BEST SERVES OUR NEEDS.

18                AND I THINK -- I'M NOT PUTTING FORM OVER  
19    SUBSTANCE.  WHEN WE'RE TALKING ABOUT THE LARGE  
20    FACILITIES GRANTS, I BELIEVE, WHETHER YOU HAVE THE  
21    PREQUALIFICATION COMPONENT OR NOT, I DON'T THINK IT'S  
22    GOOD TO HAVE THE PREQUALIFICATION.  I DON'T THINK IT'S  
23    NECESSARY.  YOU CAN HAVE MINIMUM QUALIFICATIONS IN AN  
24    RFA THAT DEALS WITH THAT ISSUE.  BUT ONCE WE GET TO  
25    ACTUALLY LOOKING AT THESE GRANTS, I THINK IT'S GOING TO

1 BE VERY COMPETITIVE. A LOT OF THE INSTITUTIONS THAT MY  
2 COLLEAGUES WORK AT WILL BE APPLYING. IT WILL BE HIGHLY  
3 COMPETITIVE, WHICH I THINK IS GOOD. WE'LL GET QUALITY  
4 APPLICATIONS. I DON'T MIND THE COMPETITION. BUT I  
5 WANT THERE TO BE A FAIR PROCESS. I WANT THE PROCESS TO  
6 BE CLEAR. I WANT IT TO BE SPELLED OUT. I WANT EVERY  
7 SCENARIO TO BE DISCUSSED. AND IF THEY NEED TO BE  
8 DISCUSSED HERE, FINE. IF THEY NEED TO BE DISCUSSED AT  
9 THE FACILITIES WORKING GROUP, FINE AS WELL. I WANT TO  
10 BE OPEN TO ANY KIND OF PROCESS.

11 AND I KNOW -- I THINK -- AND I'M GLAD WE'RE  
12 BRINGING THIS UP BECAUSE IT'S THE FIRST TIME WE'VE  
13 TALKED ABOUT THIS FACILITIES GRANTS IN THIS DEPTH. I  
14 THINK EVERYBODY HAS A DIFFERENT IDEA OF WHAT A LARGE  
15 FACILITY IS. EVERYONE HAS A DIFFERENT IDEA ABOUT WHAT  
16 A SMALLER FACILITY IS. YOU MAY THINK I'M THE LARGE  
17 FACILITY. NO, YOU'RE NOT. YOU'RE IN A SMALL FACILITY  
18 FOR THE PURPOSE OF THESE RFA'S. THAT'S WHAT I HOPE TO  
19 SOLICIT TODAY AT SOME POINT, STAFF INVOLVEMENT BEYOND  
20 JUST PROVIDING ANALYSIS. I THINK THAT THERE'S A  
21 GREATER ROLE THAT STAFF CAN PLAY IN PARTICULAR WITH THE  
22 LARGE AND THE SMALLER FACILITIES RFA'S.

23 MS. LANSING: I HAVE A PHILOSOPHY THAT PEOPLE  
24 MAY DISAGREE WITH, WHICH IS THAT THIS BOARD AND THIS  
25 RESEARCH BY ITS VERY NATURE, BECAUSE IT CAME FROM THE

1 CITIZENS AND WAS DRIVEN BY THE CITIZENS, SHOULD BE  
2 DIFFERENT. AND I THINK WE'VE SET IT UP SO THAT IT WAS  
3 DIFFERENT. AND THAT BY THAT I MEAN WE SET IT UP SO  
4 THAT WE SHARED, AND WE DIDN'T SET IT UP SO THAT  
5 INSTITUTIONS WERE SEPARATE. EVERY TIME YOU GET A  
6 GRANT, INHERENT IN IT IS THAT YOU WILL SHARE YOUR  
7 KNOWLEDGE WITH EVERYBODY.

8 SO WHAT BOTHERS ME ACTUALLY IS I THINK WE  
9 SHOULD ENCOURAGE SHARED FACILITIES. AND I THINK  
10 THERE'S A FUNDAMENTAL ERROR IN THE THREE-TIER SYSTEM  
11 BECAUSE WHAT I REALLY WOULD LIKE IS -- WE CAN'T DICTATE  
12 THIS, BUT MAYBE WE CAN. I DON'T ACTUALLY KNOW. I SAID  
13 THAT AND NOW I DON'T ACTUALLY KNOW IF THAT'S NOT  
14 POSSIBLE -- TO SAY, LOOK, YOU WONDERFUL FACILITIES ARE  
15 AN HOUR APART OR A HALF HOUR APART OR 20 MINUTES APART,  
16 AND WE'RE GIVING GRANTS FOR SHARED PLACES SO THAT -- I  
17 ALMOST DON'T -- I DON'T WANT TO THINK OF BIG, SMALL,  
18 WHATEVER. I ALMOST WANT TO THINK THERE'S THESE GREAT  
19 SCIENTISTS, AND I KNOW THAT THIS MAYBE IS A DIFFICULT  
20 THING, BUT I DON'T FIND IT DIFFICULT ON THIS BOARD. I  
21 FIND THIS BOARD TO BE INCREDIBLY COLLEGIAL, AND I FIND  
22 ALL OF US HAVE ONE GOAL. SO FOR ME I ALMOST DON'T WANT  
23 ANYTHING EXCEPT WE HAVE ONE GOAL, HOW TO ADVANCE THE  
24 SCIENCE. AND IF THAT'S OUR GOAL, THEN IT REALLY  
25 DOESN'T MAKE ANY DIFFERENCE WHERE ANYBODY IS. SOMEHOW

1 OR ANOTHER WE'VE GOT TO FIND WAYS WHEN YOU'RE  
2 GEOGRAPHICALLY ABLE TO SHARE FACILITIES AND, OF COURSE,  
3 NO MATTER WHERE YOU ARE, TO SHARE KNOWLEDGE.

4 SO TO ME THAT SHOULD BE THE OVERRIDING THING.  
5 SO WHEN I SEE BIG FACILITIES 150 MILLION AND LITTLE  
6 ONES AND THEN I SEE 17.5, I'D FLIP IT. I WOULD LIKE TO  
7 GIVE SOME INCENTIVE TO SOME OF OUR, QUOTE, BIGGER  
8 INSTITUTIONS TO SAY, GEE, IF WE WANT TO GET SOME MONEY,  
9 WE BETTER PARTNER WITH EACH OTHER. WE BETTER PARTNER  
10 WITH SMALLER. I JUST WANT TO LIKE THROW THE WHOLE  
11 THING OPEN AND MAKE IT ONE BIG STEM CELL THING,  
12 INSTITUTE, SO TO SPEAK, WHERE EVERYBODY SHARES. THAT'S  
13 THE WAY YOU GET A GRANT, THE FACILITIES GRANT. SO  
14 THAT'S MY PHILOSOPHICAL THING THAT I PUT BACK TO YOU.

15 AND THIS MAY BE NOT THE PLACE, BUT I AM VERY  
16 CONFUSED BECAUSE I'M HOLDING, AND SOMEONE CAN JUST TELL  
17 ME, ARE WE MEETING ON MAY 2D AND 3D ALL DAY, THE  
18 FACILITIES? HOW, IF WE DON'T HAVE ANY OF THIS  
19 INFORMATION?

20 DR. HALL: SO THIS IS FOR THE SHARED  
21 LABORATORIES FACILITIES.

22 MS. LANSING: I DON'T KNOW. I HAVE TWO DAYS.  
23 I'LL ASK YOU LATER.

24 CHAIRMAN KLEIN: SHERRY, THAT'S FOR THE  
25 ACTUAL SMALL SHARED FACILITIES THAT ARE THE

1     TRANSITIONAL ELEMENT AS VERSUS THE MAJOR FACILITIES  
2     CATEGORIES THAT HAVE BEEN PRESENTED.

3             BUT SHERRY JUST MADE, I THINK, A NUMBER OF  
4     IMPORTANT POINTS, ONE OF WHICH IS, AGAIN, WE'RE  
5     OPERATING BLIND WITHOUT A SURVEY BECAUSE WE'VE SAID  
6     THERE'S TWO CATEGORIES. WELL, WE ALREADY KNOW THROUGH  
7     THE PUBLIC PRESS THAT THE MAJOR INSTITUTIONS IN SAN  
8     DIEGO INTEND TO COME TOGETHER IN A MAJOR SHARED  
9     FACILITY. NOW, SHOULD THIS BE UNDER THE SAME CRITERIA  
10    AS INDIVIDUAL STAND-ALONE FACILITIES, OR IS THIS A  
11    DIFFERENT CATEGORY? WE DON'T HAVE ENOUGH INFORMATION  
12    AS A BOARD TO HAVE SOME GENERAL POLICY DISCUSSIONS.  
13    MAYBE THERE'S THREE CATEGORIES. MAYBE THERE'S FOUR  
14    CATEGORIES.

15            IT'S VERY DIFFICULT TO CREATE AN RFA THAT  
16    MEANS ANYTHING BLINDLY. IN THE REAL ESTATE BUSINESS,  
17    IT WOULD BE SUICIDAL TO DO SO. AND FOR THIS BOARD TO  
18    ACT WITHOUT A FUNDAMENTAL SWEEP OF KNOWLEDGE ABOUT THE  
19    GREAT IDEAS THAT ARE OUT THERE WOULD SEEM TO ME TO BE  
20    VERY FOOLISH. SO THE VALUE OF A SURVEY IS WE REALLY  
21    UNDERSTAND WHAT PEOPLE ARE DOING.

22            AND THE OTHER CRITERIA ARE INTERFACED WITH  
23    THIS BECAUSE IF, IN FACT, THOSE FOUR INSTITUTIONS ARE  
24    GOING TO PROPOSE A SHARED FACILITY AND THEN SMALLER  
25    FACILITIES THEMSELVES, DO WE NEED, AS A POLICY ISSUE,

1 TO DISCUSS WHETHER THAT'S PERMITTED IN THIS RFA? WE  
2 JUST NEED THE INFORMATION TO BE ABLE TO HAVE THE  
3 GENERAL POLICY DISCUSSION.

4 MS. LANSING: CAN I JUST RESPOND FOR A  
5 SECOND? MY UNDERSTANDING IS THEY'RE NOT. MY  
6 UNDERSTANDING IS THEY'VE DONE -- MAYBE I'M WRONG, BUT I  
7 DON'T THINK I AM. SOMEONE JUMP IN IF I AM. BUT MY  
8 UNDERSTANDING IS THAT THESE FACILITIES CAME TOGETHER TO  
9 SHARE AND PARTNER -- THESE INSTITUTIONS, EXCUSE ME --  
10 CAME TOGETHER TO CREATE ONE FACILITY. AND I CANNOT  
11 TELL YOU HOW MUCH I ADMIRE THAT. AND I GUESS WHAT I'M  
12 SAYING IS THAT SHOULD BE THE GOLD STANDARD, AND WE  
13 SHOULD LOOK AT THAT WHENEVER POSSIBLE AND ENCOURAGE  
14 THAT.

15 DR. HALL: LET ME JUST FOLLOW UP ON ONE THING  
16 THAT BOB SAID THAT I FAILED TO MENTION THAT I THINK IS  
17 A VERY, VERY IMPORTANT POINT. IT SEEMS TO ME, I WOULD  
18 SAY, NO MATTER HOW THIS COMES OUT, THAT THERE SHOULD BE  
19 A RELATION BETWEEN THE SIZE OF A PARTICULAR STEM CELL  
20 COMMUNITY THAT'S GOING TO USE THE FACILITY IN WHATEVER  
21 WAY AND THE SIZE OF FACILITY AND CONSEQUENTLY THE  
22 AWARD. AND SO EVEN THOUGH ONE CAN BREAK IT INTO THESE  
23 ROUGH CATEGORIES, MY GUESS IS THAT WITHIN THE  
24 CATEGORIES THERE WILL HAVE TO BE SOME MECHANISM FOR  
25 DECIDING FOR SIZING THEM WITHIN. IT'S NOT VERY CLEAR,

1 BUT I MEAN IF YOU SAY YOU'RE GOING TO GIVE FIVE OR \$10  
2 MILLION, HOW DO YOU DECIDE IF IT'S FIVE OR TEN? FOR  
3 THE LARGE ONES, YOU MAY WISH TO SAY THAT THESE WOULD BE  
4 FROM 25 OR 30 TO 50 MILLION. AND THEN YOU HAVE SOME  
5 SIZING WITHIN THAT.

6 THERE, IT SEEMS TO ME, THAT PART OF THE  
7 INCENTIVE FOR PEOPLE TO COME TOGETHER IS THAT WITH A  
8 BIGGER SIZE, YOU GET A BIGGER FACILITY. I THINK IT'S  
9 ALSO IMPORTANT TO RECOGNIZE, HOWEVER, THAT IN SOME  
10 CASES ONE CAN DO THIS EASILY. IN OTHER CASES IT'S VERY  
11 DIFFICULT TO HAVE TWO INSTITUTIONS SHARE FACILITIES  
12 JUST BECAUSE EITHER ONE OR THE OTHER HAS TO HAVE IT OR  
13 YOU HAVE TO PUT IT IN THE MIDDLE, AND THE MIDDLE IS NOT  
14 CONVENIENT FOR EITHER ONE. HAVING SEEN A LITTLE BIT OF  
15 THIS WITH UCSF-STANFORD HOSPITAL, I THINK THAT'S JUST  
16 AN ISSUE.

17 I THINK THE POINT IS TO LET, RATHER THAN TRY  
18 TO PREBOX IT, TO SAY, PEOPLE, YOU COME IN WITH A PLAN  
19 AND TELL US HOW MANY PEOPLE ARE GOING TO USE THIS AND  
20 WHAT YOU WANT, AND THEN THIS GROUP JUDGES IT.

21 ED HAD A QUESTION. SHERRY, YOU MAY HAVE  
22 SOMETHING ELSE, AND FRANCISCO.

23 CHAIRMAN KLEIN: WE HAVE DR. PRIETO AS WELL,  
24 THEN DR. FONTANA, THEN DR. POMEROY, THEN DR. STEWARD.  
25 CLEARLY A POPULAR SUBJECT.



1 DR. PRIETO: ZACH, I HAVE A QUESTION THAT I  
2 HOPE YOU CAN ENLIGHTEN US A LITTLE BIT BEFORE WE DECIDE  
3 TO ALLOCATE THESE FUNDS. WHAT ARE THE SCIENTIFIC  
4 OPPORTUNITIES OF A MUCH LARGER FACILITY TO ACCOMPLISH  
5 THINGS THAT COULD NOT BE DONE AT MORE SMALLER  
6 FACILITIES?

7 DR. HALL: LET ME JUST SAY. SO, FIRST OF  
8 ALL, YOU NEED A PLACE TO PUT PEOPLE. AND AS WE  
9 DISCUSSED A LITTLE BIT IN THE CONVERSATION WITH DR.  
10 KESSLER, INSTITUTIONS ALL OVER THE STATE ARE RECRUITING  
11 PEOPLE. THEY NEED SPACE TO PUT THEM IN, AND OFTEN,  
12 BECAUSE OF THE FEDERAL RESTRICTION, THIS HAS CERTAIN  
13 CONSTRAINTS ON IT. SO YOU CAN'T JUST PUT THEM  
14 ANYWHERE. IT HAS TO BE IN SOME SPECIAL PLACE.

15 SECONDLY, HAVING PEOPLE IN CONTIGUOUS SPACE  
16 IS TREMENDOUSLY IMPORTANT TO THE HEALTH OF ANY RESEARCH  
17 COMMUNITY. AND IT'S A CHALLENGE FOR ANYBODY IN AN  
18 ACADEMIC INSTITUTION. THE RIGHT CONSTELLATION OF  
19 PEOPLE CHANGES AS THEMES IN BIOLOGY CHANGE. THAT IS, I  
20 CAME TO UCSF AS A PHYSIOLOGY CHAIR, AND THAT WAS A CORE  
21 DEPARTMENT. TEN YEARS LATER ALMOST NOBODY IDENTIFIED  
22 THEMSELVES AS A PHYSIOLOGIST. THEY WERE EITHER A  
23 NEUROSCIENTIST OR A CELL BIOLOGIST.

24 SO MY POINT IS ONE OF THE CHALLENGES ALWAYS  
25 IS TO BRING THE RIGHT PEOPLE TOGETHER AT THE RIGHT TIME

1 IN THE RIGHT CONFIGURATIONS. AND THIS IS CERTAINLY A  
2 RIGHT TIME FOR STEM CELL BIOLOGY. AND TO GET THOSE  
3 PEOPLE, BASIC AND CLINICAL AND OTHERWISE, IN CONTIGUOUS  
4 SPACE IS TREMENDOUSLY HELPFUL. AND THE THIRD THING IS  
5 THAT IT IS VERY IMPORTANT FOR THE DEVELOPMENT OF CORE  
6 FACILITIES. YOU HAVE A PLACE. IF YOU HAVE SHARED  
7 RESEARCH LABORATORIES, LET'S SAY, FOR DOING HUMAN  
8 EMBRYONIC STEM CELL RESEARCH, IT'S MUCH MORE USEFUL IF  
9 MOST OF THE RESEARCHERS WHO USE THIS ARE WITHIN THREE  
10 MINUTES WALKING DISTANCE THAN IF ONE IS IN A BUILDING  
11 OVER HERE, ANOTHER IS IN A BUILDING OVER THERE, AND A  
12 THIRD ONE IS ACROSS TOWN WHERE THE STUDENTS OR THE  
13 POST-DOCS HAVE TO SPEND HALF AN HOUR IN ORDER TO GET TO  
14 THE OTHER LAB.

15 SO THOSE ARE THE ADVANTAGES, I WOULD SAY, AND  
16 OTHERS FROM INSTITUTIONS MAY WISH TO ADD TO THAT OR  
17 NOT, BUT CERTAINLY FROM MY OWN EXPERIENCE, THAT'S  
18 IMPORTANT.

19 DR. PRIETO: IT WOULD SEEM TO ME, THEN, IF WE  
20 WANT TO ENCOURAGE THE KIND OF SHARING THAT SHERRY HAS  
21 TALKED ABOUT, THAT THE SHARED LABORATORY FACILITIES  
22 THAT WE'VE PROPOSED, WE'VE GOT APPLICATIONS WE'VE  
23 ALREADY BEGUN REVIEWING, ARE AWFULLY SMALL TO ENCOURAGE  
24 THAT KIND OF COLLABORATION.

25 DR. HALL: LET ME MAKE A STATEMENT ABOUT

1 THOSE. AS THE CHAIR SAID, THESE ARE REALLY  
2 TRANSITIONAL. THE POINT WAS TO GET MONEY OUT QUICKLY  
3 TO PROVIDE EVEN A SMALL AMOUNT OF SPACE, TO PROVIDE IT  
4 TO MANY INSTITUTIONS. AND OUR THOUGHT WAS THAT WE  
5 ENCOURAGE SHARING UNDER THOSE GROUNDS, NOT NECESSARILY  
6 TO BRING BIG INSTITUTIONS TOGETHER, BUT TO ALLOW SMALL  
7 INSTITUTIONS THAT MIGHT HAVE ONE. JUST TO TAKE A  
8 RANDOM EXAMPLE, THERE MAY BE A STEM CELL RESEARCHER AT  
9 SAN FRANCISCO STATE, FOR EXAMPLE, THAT WANTS TO DO  
10 HUMAN EMBRYONIC STEM CELL RESEARCH. THERE'S NO  
11 FACILITIES AT SAN FRANCISCO STATE. THEY MAY BE THE  
12 ONLY RESEARCHER DOING IT. IN THAT CASE WE WOULD WANT  
13 ONE OF THE BAY AREA INSTITUTIONS OR MORE TO SAY, WELL,  
14 WE WILL MAKE THIS SPACE AVAILABLE FOR THE WORK OF THAT  
15 PERSON.

16 SO IT IS MEANT TO ACCOMMODATE AS BROAD A  
17 POPULATION AS POSSIBLE IN THAT WAY. THAT'S FOR THAT  
18 PARTICULAR SMALL AMOUNT OF SPACE. HOWEVER, FOR SOME OF  
19 THE LARGER PROGRAMS, I MEAN THERE ARE PEOPLE, AND  
20 OTHERS HERE CAN SPEAK AND SAY, BUT THERE ARE PEOPLE WHO  
21 ARE PLANNING WINGS OF BUILDINGS OR ENTIRE BUILDINGS  
22 THAT WILL BE DEVOTED TO STEM CELL RESEARCH. AND SO  
23 THAT IS AN ORDER OF MAGNITUDE DIFFERENT KIND OF  
24 FACILITY THAN WHAT WE'VE BEEN TALKING ABOUT ALREADY.  
25 AND MY OWN VIEW IS THAT IT MAY WORK IN SOME CASES TO

1     SHARE.  IT MAY NOT WORK IN OTHER CASES TO SHARE.  WE  
2     SHOULD LET THE INSTITUTIONS MAKE THE CASE.  AND IT IS,  
3     I WOULD GUESS, TO THEIR ADVANTAGE WHENEVER THEY CAN TO  
4     DO THIS OR NOT, BUT IT'S ALWAYS POSSIBLE.  I THINK TO  
5     TRY TO FORCE THEM INTO THE MOLD IS APT TO BE  
6     COUNTERPRODUCTIVE.  LET'S HEAR FROM OTHERS FROM THE  
7     INSTITUTIONS.

8                 CHAIRMAN KLEIN:  WE HAVE DR. FONTANA, AND  
9     WE'RE GOING TO MOVE DOWN THIS ROW AND THEN WE'RE GOING  
10    TO COME ACROSS.

11                DR. FONTANA:  IT SOUNDS LIKE MAYBE THIS IS A  
12    CASE WHERE WE SHOULD JUST TAKE TURNS GOING RIGHT DOWN  
13    THE LINE, WHICH MAY -- BOB, I'M GOING TO GO BACK TO  
14    YOUR IDEA OF MAYBE IT IS APPROPRIATE TO HAVE AN  
15    EFFICIENT WAY OF GATHERING INFORMATION FROM THE  
16    PROSPECTIVE INSTITUTES, A SMALL SEMINAR, SOMETHING, BUT  
17    MOVING IT ALONG QUICKLY.

18                I WANT TO GO BACK TO SHERRY'S POINT TOO ABOUT  
19    SUPPORTING THE NOTION OF SHARED FACILITIES.  AND WE ALL  
20    KNOW THE DIFFICULTIES THAT LIE WITHIN THAT; HOWEVER, IF  
21    THOSE INSTITUTES CAN WORK WITHIN THOSE DIFFICULTIES, WE  
22    SHOULD REWARD THEM.  AFTER ALL, WE DO HOPE TO MAXIMIZE  
23    USE OF OUR FUNDING.  THOSE INSTITUTES THAT CAN WORK  
24    THROUGH THOSE DETAILS AND COME UP WITH MORE THAN  
25    20-PERCENT FUNDING, LET'S REWARD IT.

1 MY LAST POINT IS I'D LIKE TO SEE US CONSIDER  
2 PLACING MORE DOLLAR AMOUNT ON THE STEM CELL BANK, GMP  
3 PRODUCTS, AND MAYBE THE MAJOR EQUIPMENTS BECAUSE IT  
4 WILL BE THESE LIMITATIONS THAT WILL AFFECT RESEARCH  
5 DOWN THE LINE. AND IF WE AS A CENTRAL AGENCY CAN  
6 SUPPORT THAT AND DISSEMINATE THOSE MATERIALS, I THINK  
7 WE MIGHT ADVANCE THE SCIENCE AND, THEREFORE, OUR  
8 MISSION.

9 CHAIRMAN KLEIN: THANK YOU. DR. BRYANT, YOU  
10 HAD A COMMENT AND THEN DR. POMEROY.

11 DR. BRYANT: YES, I DID. SO I ACTUALLY THINK  
12 WHEN WE'VE DECIDED WHAT OUR BASIC GOALS ARE FOR THE  
13 FUNCTION OF THESE BUILDINGS, WE SHOULD MAKE A SET OF --  
14 NOT NECESSARILY -- THOSE WOULD BE THE CRITERIA BY WHICH  
15 THE GRANTS WOULD BE JUDGED. SO IF SHARED FACILITIES IS  
16 ONE OF OUR MOST DESIRABLE GOALS, WE WOULD PLACE THAT AS  
17 ONE OF THE MAIN CRITERIA RATHER THAN SAYING THAT YOU  
18 HAVE TO DO IT THAT WAY. IT WOULD JUST DISADVANTAGE YOU  
19 IF YOU WEREN'T SHARED. BUT YOU COULD EXPLAIN THE  
20 RELATIONSHIP OF YOUR PROPOSAL TO THIS GOAL.

21 I ALSO WANTED TO COMMENT, JUST A MINOR  
22 COMMENT ABOUT WHAT WOULD COUNT AS THE MATCH. AND I  
23 THINK THAT ALSO IS SOMETHING THAT SHOULD BE LEFT FAIRLY  
24 FLEXIBLE BECAUSE WE'VE GOT A GREAT VARIETY OF  
25 INSTITUTIONS IN THE STATE, FOR SOME OF WHOM CASH WOULD

1 BE EASIER TO GET. SOME OF THEM HAVE MORE RESTRICTIVE  
2 ABILITIES. SOME ARE SMALL, SOME ARE LARGE. SO I THINK  
3 HAVING AN OPPORTUNITY FOR INSTITUTIONS TO BE CREATIVE,  
4 WHETHER OR NOT THAT WOULD BE ACCEPTED IN THE REVIEW  
5 PROCESS, WOULD LEAVE IT MORE OPEN AND LESS PROSCRIBED  
6 AND WOULD CREATE LESS OF AN ADVANTAGE TO SOME TYPES OF  
7 INSTITUTIONS. IT WOULD LEVEL THE PLAYING FIELD.

8 CHAIRMAN KLEIN: DR. POMEROY.

9 DR. POMEROY: I THINK WE CAN ALL TELL BY THE  
10 LEVEL OF INTEREST IN THIS SUBJECT THAT THIS IS ONE OF  
11 THE MOST IMPORTANT THINGS WE'LL BE DOING TO GET STEM  
12 CELL RESEARCH GOING QUICKLY. AND ONE OF THE THINGS  
13 THAT WE'VE TALKED ABOUT HERE ON SEVERAL OCCASIONS IS  
14 THAT IT IS VERY IMPORTANT, BOTH FROM A FINANCIAL AND  
15 FROM A PROGRAMMATIC POINT OF VIEW, THAT WE MOVE THIS  
16 ALONG AS QUICKLY AS WE POSSIBLY CAN.

17 AND I THINK THOSE OF US WHO ARE HERE ON THE  
18 ICOC, WE ALL REPRESENT ALL OF CALIFORNIA, BUT WE ALSO  
19 GO HOME TO OUR INSTITUTIONS. AND WHEN WE HAVE THAT HAT  
20 ON, WE HEARD THE ICOC SAYING THAT YOU SHOULD BE  
21 PREPARED FOR A MAJOR FACILITIES GRANT, AND YOU SHOULD  
22 BE THINKING ABOUT WHAT YOU'RE GOING TO BE DOING. I  
23 THINK MOST OF US TOOK THAT VERY SERIOUSLY, AND WE'VE  
24 BEEN PLANNING SINCE PROP 71 PASSED WHAT IS THE WAY THAT  
25 OUR INSTITUTIONS CAN RESPOND.

1                   PUTTING TOGETHER A MAJOR FACILITIES PROPOSAL  
2   IS NOT A TWO-MONTH THING AFTER THE RFA COMES OUT. THIS  
3   IS A PROCESS WE'VE BEEN WORKING ON FOR TWO YEARS. SO I  
4   WOULD LIKE, WITH THAT IN MIND, SPEAK TO NOT HAVING  
5   SPECIFIC POTS, NOT HAVING SPECIFIC ARTIFICIAL  
6   GUIDELINES, BUT TO HAVE ONE POT FOR FACILITIES IN WHICH  
7   THE CRITERIA ARE CLEAR, BUT THAT WE AS INSTITUTIONS  
8   TAKE THE PLANS THAT ARE ALREADY FAR ALONG AND JUSTIFY,  
9   AND SO WE COULD HAVE A SLIDING SCALE. IT WOULDN'T BE  
10  LARGE VERSUS SMALL. IT COULD BE THE RIGHT AMOUNT OF  
11  MONEY FOR THE PROPOSAL THAT IS PUT TOGETHER BY THE  
12  INSTITUTION.

13                  AND I THINK HAVING ARTIFICIAL DISTINCTIONS  
14  MAY NOT BE AS USEFUL. DOES 15, DOES THAT COUNT AS A  
15  MAJOR OR A LARGE OR A SMALL?

16                 DR. HALL: SO WHERE WOULD THAT TAKE PLACE,  
17  CLAIRE, AT THE ICOC MEETING WOULD WORK OUT WHETHER  
18  SOMEBODY GOT 30 OR 15 OR 5?

19                 DR. POMEROY: WHICH BRINGS ME TO THE NEXT  
20  POINT, WHICH ONE OF THE CHALLENGES THAT WE RAN INTO ON  
21  THE RESEARCH GRANTS WAS THAT THE WORKING GROUPS DID NOT  
22  CONSIDER BUDGET. AND WE SAID THAT BECAUSE THE RFA WAS  
23  WRITTEN SUCH THAT IT WAS A FIXED AMOUNT. AND IF WE  
24  WERE TO GO THE WAY THAT I PROPOSE, WE WOULD HAVE TO  
25  HAVE THE WORKING GROUP EXPERTS, I THINK, GIVE US

1 RECOMMENDATIONS ON THIS PROJECT IS APPROPRIATELY SIZED  
2 OR NEEDS TO BE DOWNSIZED. IF IT'S DOWNSIZED TO THIS  
3 EXTENT, THEN THE AMOUNT OF MONEY GETS DOWNSIZED TO THAT  
4 EXTENT. SO THEY WOULD HAVE TO COMMENT, AND WE HAVE  
5 FACILITIES EXPERTS. THEY WOULD HAVE TO COMMENT ON WHAT  
6 AN APPROPRIATE BUDGET WAS AS WELL, SO THERE'S MORE  
7 WORK.

8 DR. HALL: SO THERE ARE TWO ELEMENTS TO THAT.  
9 ONE IS HOW YOU MATCH THE SPACE WITH THE SCIENCE; THAT  
10 IS, ONE QUESTION IS SO YOU'VE GOT X AMOUNT OF  
11 SCIENTISTS OR YOU HAVE PLANS FOR X AMOUNT OF  
12 SCIENTISTS, AND YOU'VE GOT X AMOUNT OF SPACE, HOW MUCH  
13 YOU'RE GOING TO GET FOR THAT.

14 AND THE SECOND IS, THEN, HOW MANY DOLLARS ARE  
15 YOU ASKING FOR SO MUCH SQUARE FEET? AND I GUESS THOSE  
16 TWO QUESTIONS COULD BE CONSIDERED TO BE, NO. 1, THE  
17 GRANTS WORKING GROUP; NO. 2, THE FACILITIES WORKING  
18 GROUP, TO SORT THAT OUT HOW APPROPRIATE IT IS.

19 DR. POMEROY: THAT MIGHT BE VERY APPROPRIATE.  
20 AND I WOULD SAY WHEN WE'RE TALKING ABOUT CAPITAL COSTS,  
21 THERE ARE OBVIOUSLY MAJOR DIFFERENCES BETWEEN MARKETS.  
22 AND SO, YOU KNOW, BUILDING SOMETHING IN ONE CITY COSTS  
23 A LOT MORE THAN IN ANOTHER CITY, AND THAT NEEDS TO BE  
24 TAKEN INTO ACCOUNT TOO SO THERE CAN'T BE A DIRECT, YOU  
25 KNOW, FOR 10,000 SQUARE FEET, YOU GET X NUMBER OF



1 DOLLARS. THAT JUSTIFICATION SHOULD BE EXPECTED IN THE  
2 GRANT APPLICATION.

3 CHAIRMAN KLEIN: DR. PENHOET.

4 DR. PENHOET: I THINK I VERY MUCH AGREE WITH  
5 WHAT CLAIRE JUST SAID. I THINK EVERYBODY HAS BEEN  
6 THINKING FOR A LONG TIME ALREADY ABOUT WHAT THEY WANT  
7 TO DO, SO PROBABLY THE PLANS ARE 80 PERCENT BAKED AT  
8 THIS POINT, AND MAYBE HAVING ONE POOL WOULD BE THE  
9 RIGHT WAY TO PROCEED HERE GIVEN THAT REALITY.

10 THE OTHER THING, AS MUCH AS I APPRECIATE  
11 SHERRY'S SENTIMENTS ABOUT WORKING TOGETHER, I WOULD  
12 CAUTION AGAINST FORCED COHABITATION. IF YOU THINK  
13 ABOUT THE WAY PEOPLE WORK IN THESE LABORATORY  
14 ENVIRONMENTS, GRADUATE STUDENTS HAVE TO TAKE COURSES.  
15 SO THEY HAVE TO ESSENTIALLY COMMUTE FROM A CENTRAL  
16 LOCATION BACK TO THEIR CAMPUSES TO TAKE CLASSES,  
17 FACULTY MEMBERS HAVE TO TEACH. THERE ARE ALL KINDS OF  
18 MEETINGS, ETC. IT COULD BE THAT IT COULD BE EXTREMELY  
19 INEFFICIENT IN THE LONG RUN TO ACTUALLY HAVE A FORCED  
20 SHARING.

21 IF THE SHARED FACILITY, TAKE AN EXAMPLE, WAS  
22 HALFWAY BETWEEN SC AND UCLA, IT WOULD BE A MAJOR BURDEN  
23 ON EVERYBODY WHO WORKED THERE WHO RESIDES IN A CAMPUS.  
24 SO I THINK THERE ARE MANY OTHER WAYS FOR SHARING  
25 INFORMATION. IN TODAY'S WORLD, NEWS TRAVELS FAST AMONG

1 SCIENTISTS ABOUT WHAT'S GOING ON. WE CAN FACILITATE  
2 MEETINGS. BUT I THINK AN OVEREMPHASIS ON THE SHARING  
3 ASPECT OF THIS COULD ACTUALLY DRIVE SOME SIGNIFICANT  
4 INEFFICIENCIES.

5 DR. STEWARD: BOB, COULD I JUST CONTINUE  
6 THAT?

7 CHAIRMAN KLEIN: SINCE YOU'RE ON THAT SIDE OF  
8 THE TABLE, I THINK WE'LL GIVE YOU LICENSE HERE.

9 DR. STEWARD: I THINK THOSE ARE VERY  
10 IMPORTANT POINTS. I JUST ACTUALLY WANTED TO SPEAK TO  
11 THAT AS WELL. BECAUSE I THINK IT IS DANGEROUS FOR US  
12 AT THIS POINT TO OVEREMPHASIZE THE IDEA THAT SHARING IS  
13 THE BEST WAY TO GO. I WOULD LIKE US ALL TO REMEMBER  
14 WHAT WE'RE TRYING TO DO HERE IS ACCOMPLISH A GOAL; THAT  
15 IS, TO BRING STEM CELL RESEARCH TO BEAR ON IMPORTANT  
16 PROBLEMS. IT MAY BE THAT THE BEST WAY TO DO THAT IS  
17 THROUGH A SHARED ARRANGEMENT. IT MAY NOT. IT REALLY  
18 IS A SCIENTIFIC DECISION.

19 I THINK THAT WE NEED AT THIS STAGE TO LOOK  
20 VERY CAREFULLY AT THE DIFFERENT PLANS AND ACTUALLY SEEK  
21 THE ADVICE OF OUR SCIENTIFIC WORKING GROUP AND SEE  
22 WHETHER, IN FACT, IT LOOKS BEST FOR THINGS TO BE SHARED  
23 OR FOR THINGS NOT TO BE.

24 JUST TO AMPLIFY ONE MORE POINT OF ED'S. STEM  
25 CELL RESEARCH IS NOT BEING CARRIED OUT IN A VACUUM. IT

1     DEPENDS CRITICALLY ON MILLIONS OF OTHER RESEARCH  
2     ACTIVITIES GOING ON AT INSTITUTIONS FROM BIOINFORMATICS  
3     TO PHYSICS TO BASIC BIOLOGICAL SCIENCES TO MEDICAL  
4     SCIENCE.  AND ALL OF THIS NEEDS TO BE INTEGRATED INTO A  
5     TRULY EFFECTIVE PROGRAM.  IF WE PUT STEM CELL BIOLOGY  
6     OUT IN ITS OWN LITTLE COCOON, WE WON'T GET AS MUCH OUT  
7     IT AS IF WE THOROUGHLY INTEGRATED WITH THE REST OF THE  
8     BIOMEDICAL ENTERPRISE.

9             CHAIRMAN KLEIN:  ALL RIGHT.  WE ARE GOING TO  
10    COME DOWN THE ROW IN THIS DIRECTION.  DR. PIZZO, ARE  
11    YOU THE FIRST?

12            DR. PIZZO:  THANK YOU.  I WANT TO ALSO  
13    AMPLIFY, IT SOUNDS LIKE, SOME OF THE COMMENTS THAT HAVE  
14    BEEN MADE.  I THINK ONE OF THE MOST IMPORTANT THINGS WE  
15    CAN DO IS TO REALLY ALLOW INDIVIDUAL AREAS OF  
16    EXCELLENCE TO EMERGE.  CLEARLY WE WANT TO ENCOURAGE  
17    COLLABORATION ACROSS OUR INSTITUTIONS, BUT EACH OF OUR  
18    INSTITUTIONS HAVE A CERTAIN CHARACTERISTIC SPIRIT AND  
19    PHENOTYPE.  AND SHARING IS IMPORTANT, BUT I AGREE IT  
20    CAN'T BE COERCED.

21            I'M AT STANFORD NOW BECAUSE THERE WAS AN  
22    ATTEMPT TO BRING COERCION BETWEEN TWO INSTITUTIONS,  
23    WHICH WERE AT THAT TIME UCSF AND STANFORD, AND IT  
24    FAILED MISERABLY.  I'VE WATCHED THAT HAPPEN WITHIN A  
25    MEDICAL SCHOOL IN BOSTON AS WELL.

1                   SO I THINK THE BEST DRIVERS FOR BRINGING  
2   PEOPLE TOGETHER IS ACTUALLY DRIVEN BY THE SCIENCE.  AND  
3   I CONCUR TOTALLY THAT IT'S GRADUATE STUDENTS, IT'S  
4   FELLOWS, AND THEN FACULTY THAT DO THIS.  THERE ARE ALSO  
5   IN A SENSE CRITICAL MASSES THAT ARE IMPORTANT TO  
6   ASSESS, AND THOSE CRITICAL MASSES HAVE DEFINED  
7   ENVELOPES AROUND THEM.  IF THEY'RE TOO BIG, THEY DON'T  
8   FOSTER THE KINDS OF INTERACTIONS THAT ARE IMPORTANT.  
9   IF THEY'RE TOO SMALL, THEY DON'T DO IT EITHER.

10                  SO I THINK WE SHOULD ALLOW OUR INSTITUTIONS  
11   TO COME FORWARD WITH WHAT WILL DEFINE THEIR OWN  
12   INSTITUTIONAL CRITICAL MASS.  SOME OF OUR INSTITUTIONS,  
13   AND WE'RE ONE OF THEM, AND WE'RE NOT ALONE BECAUSE MANY  
14   OTHERS ARE DOING THIS AS WELL, WHERE THEY SEE THE  
15   FUTURE AT THE CROSS SECTION AND INTERSECTION OF  
16   SCIENCES.  IF STEM CELL BIOLOGY IS GOING TO GO FORWARD  
17   IN AN EXTRAORDINARY WAY, IT'S NOT GOING TO BE JUST  
18   BECAUSE BIOLOGISTS ARE WORKING ON THIS PROBLEM.  IT'S  
19   GOING BECAUSE PHYSICISTS AND ENGINEERS AND OTHER  
20   MEMBERS OF OUR COMMUNITY ARE IDENTIFYING THIS AS A KEY  
21   AND IMPORTANT ISSUE.

22                  AND I THINK WE DO HAVE SOME OF OUR MEDICAL  
23   CENTERS AND INDUSTRIES THAT BRING TOGETHER THOSE KINDS  
24   OF CONNECTIVITIES, OTHERS THAT BRING OTHER  
25   CONTRIBUTIONS.  SO I WOULD HOPE, AS I THINK I HEARD

1 BEING ARTICULATED BY CLAIRE AND BY ED, THAT WE ALLOW  
2 THERE TO BE A FUNDING POOL, AND THAT WE COME FORWARD  
3 WITH THE MOST CREATIVE IDEAS. WE SHOULD NEVER COME  
4 FORWARD WITH THE CONCEPT OF A BUILDING. I THINK IF ALL  
5 WE'RE DOING IS COMING FORWARD AND SAYING WE NEED A  
6 BUILDING, THAT TO ME IS NOT VERY EXCITING. I THINK IT  
7 OUGHT TO BE PROGRAM DRIVEN. WHAT DO WE HOPE TO  
8 ACCOMPLISH IN THESE FACILITIES? HOW IS OUR INSTITUTION  
9 GOING TO HELP SHAPE THE AGENDA AND MOVE IT FORWARD?  
10 THAT OUGHT TO GOVERN WHAT WE'RE DOING, AND I THINK  
11 WE'LL SEE LOTS OF VERY EXCITING INSTITUTIONAL  
12 PROJECTIONS AND PLANNING AROUND THAT KIND OF ACTIVITY.

13 CHAIRMAN KLEIN: I THINK THAT DR. PIZZO HAS  
14 MADE A VERY IMPORTANT POINT HERE TOO, THAT THE  
15 SPECIALIZATION AND CONTRIBUTION OF INDIVIDUAL  
16 INSTITUTIONS IS IMPORTANT. AND EVEN IN THE CASE WHEN  
17 THERE'S A PROPOSED SHARING THAT'S BEEN MADE PUBLIC, AS  
18 IN THE SAN DIEGO AREA, SHERRY, IT'S MY UNDERSTANDING  
19 FROM PUBLIC DISCUSSIONS THAT EACH OF THESE INSTITUTIONS  
20 WANTS TO HAVE A SMALLER FACILITY THAT FOCUSES ON THEIR  
21 SPECIALIZATION WHERE THEY CAN CONTRIBUTE, WHETHER IT'S  
22 ROBOTICS OR SOME OTHER SPECIALIZED. SO IT'S NOT  
23 NECESSARILY AN A, B SITUATION. IT MAY BE THAT PEOPLE  
24 ARE ALLOWED TO, A, SHARE WITH ANOTHER INSTITUTION AND  
25 HAVE A GRANT THEMSELVES.

1 DR. PIZZO: CAN I JUST FOLLOW UP ON THAT? I  
2 THINK JUST TO FOLLOW UP ON THAT, I THINK THAT TO ME  
3 WHATEVER LOOKS LIKE IT'S GOING TO YIELD THE BEST  
4 ADVANCEMENT OF THE SCIENCE IS WHERE WE SHOULD GO. I  
5 THINK CULTURES ARE GOING TO BE DIFFERENT IN DIFFERENT  
6 AREAS OF OUR UNIVERSITIES IN THE STATE. IF SOME  
7 BELIEVE AND ARE ABLE TO BRING TOGETHER COMMUNITIES IN  
8 UNIQUE AND SPECIAL WAYS, LET'S FOSTER THAT. IF OTHERS  
9 ARE GOING TO CONTAIN AND BRING TOGETHER DIFFERENT KINDS  
10 OF COMMUNITIES OUTSIDE OF THE MEDICAL CENTER, LET'S  
11 FOSTER THAT AS WELL. IF COLLABORATIONS ARE GOING TO  
12 TAKE PLACE VIRTUALLY, INDEPENDENT OF WHERE PEOPLE ARE  
13 LOCATED, LET'S FOSTER THAT SO THAT WE'RE REALLY KEEPING  
14 OUR EYE ON WHAT WILL GIVE US THE BEST YIELD OF THE  
15 SCIENTIFIC INSIGHTS.

16 CHAIRMAN KLEIN: I'M GOING TO COME BACK TO  
17 SHERRY, BUT I THINK DUANE ROTH.

18 MR. ROTH: I HAD JUST A COUPLE OF THOUGHTS.  
19 ONE, THERE IS ANOTHER PRECEDENT FOR COLLABORATION WHICH  
20 IS THE UC FOUR INSTITUTES OF INNOVATION WHERE THEY'RE  
21 MULTICAMPUS, BUT THAT'S ACTUALLY SOMETHING THAT YOU  
22 MIGHT WANT TO TAKE A LOOK AT. SOME OF THOSE HAVE DONE  
23 EXTREMELY WELL IN PUTTING TOGETHER PACKAGES THAT TAKE  
24 ADVANTAGE OF MULTIPLE PLACES. SO IT'S ONE OTHER  
25 OPTION.

1                   THE OTHER TWO THINGS I REALLY WANT TO  
2   COMMENT, THOUGH. IF YOU RECALL, I WAS ON THE OTHER  
3   SIDE OF THE PODIUM DURING THE COMPETITION FOR THE  
4   HEADQUARTERS. AND I'LL TELL YOU ONE OF THE MOST  
5   FRUSTRATING THINGS WAS TO TRY TO FIGURE OUT WHAT COUNTS  
6   AND HOW TO SCORE IT. SO WHAT I'D REALLY ENCOURAGE US  
7   TO DO ON THAT 20-PERCENT MATCH IS MAKE SURE THERE'S A  
8   LOT OF RIGOR IN THAT SO THAT IT ISN'T IMAGINING WHAT IT  
9   COULD BE AND SCORING IT DIFFERENT. SO I WOULD LIKE TO  
10  SEE THAT AS PART OF THE CRITERIA, LOTS OF RIGOR IN  
11  WHATEVER THE 20-PERCENT MATCH IS. ABOVE THAT, YOU CAN  
12  PUT THE OTHER THINGS IN. BUT I THINK THAT HAS TO BE  
13  CAREFULLY CONTROLLED.

14                  AND A FINAL COMMENT I'D MAKE, AND IT'S ON THE  
15  SAME LINES, IS THAT I WORRY IF WE HAVE A COMPLETE  
16  WIDE-OPEN PROCESS THAT EVERYTHING COUNTS, THAT WE END  
17  UP BEING BIASED BY THE HIGHEST BIDDER. I THINK WE  
18  REALLY HAVE TO FOCUS ON THE SCIENCE AND MAKE SURE THAT  
19  THERE'S A REASONABLE MATCH, BUT IT NOT COME DOWN TO  
20  SOMEBODY COMING UP WITH A HUGE AMOUNT OF MONEY TO THROW  
21  AT IT BECAUSE I THINK IN SOME WAYS THAT'S TAKING MONEY  
22  OUT OF ONE POCKET AND PUTTING IT IN ANOTHER BECAUSE  
23  THOSE INSTITUTES THAT DO WIN THIS FUNDING HAVE A LOT  
24  MORE MONEY TO RAISE TO MAKE IT REALLY HAPPEN. THERE  
25  WON'T BE ENOUGH FROM WHAT WE GIVE THEM. THEY'VE GOT TO

1 OPERATE THESE FACILITIES. AND I WILL TELL YOU THAT  
2 THAT WAS A REAL CHALLENGE IN THE CALIFORNIA INSTITUTES  
3 FOR INNOVATION. ONGOING FIVE YEARS LATER STILL  
4 FIGHTING FOR OPERATING BUDGETS.

5 CHAIRMAN KLEIN: AND, DUANE, THE WAY THE  
6 INITIATIVE IS WRITTEN IS, IN FACT, WHILE THE 20-PERCENT  
7 MATCH IS A MINIMUM, GREATER MATCHES ARE SUPPOSED TO BE  
8 ADDRESSED WITH EQUIVALENT SCIENCE LEVELS.

9 AND WE'RE GOING TO GO TO DR. LEVINE.

10 DR. LEVINE: AS IT RELATES TO THE SHARED  
11 FACILITIES, IT SEEMS TO ME CONCEPTUALLY YOU'RE CORRECT,  
12 SHERRY, BUT IT'S NOT REALLY THE FACILITIES THAT WILL DO  
13 THAT. IT'S THE INFORMATION AND THE COLLABORATION  
14 OUTSIDE OF THE FACILITIES.

15 BUT IT SEEMS TO ME THAT THERE ARE TWO AREAS  
16 THAT REALLY MUST BE SHARED, AND THEY ARE THE GMP  
17 FACILITY AND THE BANK. BECAUSE BY DEFINITION, I WOULD  
18 EXPECT OR HOPE THAT EVERYBODY, EVERYONE IS DEVELOPING  
19 THESE PRODUCTS, AND THAT HAS TO GO TO A COMMON, SHARED  
20 GMP. AND BANK AS WELL SHOULD BE A COMMON SHARED. SO  
21 THAT, I THINK, HAS TO OCCUR AND WOULD ALLOW THE  
22 RESEARCH TO GO IN A MORE EXPEDITIOUS FASHION.

23 THE OTHER THING, JUST TO SAY, I VERY MUCH  
24 AGREE WITH CLAIRE. THIS DEFINITION OF SMALL VERSUS  
25 LARGE, I WOULD JUST SAY ONE RFA. WHAT DO YOU NEED?



1     WHAT ARE YOU GOING TO DO FOR IT?  LAY IT OUT BECAUSE  
2     EACH -- WHERE AM I?  AM I SMALL?  AM I BIG?  IT'S  
3     PHONY.  I WOULD WANT ONE POOL.  I THINK THAT MAKES THE  
4     MOST SENSE.

5                 CHAIRMAN KLEIN:  DR. MEYER.

6                 DR. MEYER:  MELISSA, NEXT TIME I WANT TO SIT  
7     ON THAT SIDE.  OKAY?  HALFWAY BETWEEN UCLA AND SC IS  
8     CEDARS-SINAI, BY THE WAY.

9                 WHEN IT COMES TO -- I'M SURE ZACH APPRECIATES  
10    THIS -- WHEN IT COMES TO LAPTOPS AND LAB SPACE,  
11    EVERYONE IS AN EXPERT.  I THINK THAT'S WHY WE'VE HAD  
12    SUCH A LIVELY DISCUSSION HERE.  THIS WILL BE A  
13    SELF-REGULATING PROCESS.  AND I COMPLETELY AGREE, EVEN  
14    THOUGH I'M THE TWELFTH PERSON OR SO, WITH WHAT CLAIRE  
15    SAID.  AND THAT THE IDEA OF THE CATEGORIES ISN'T A  
16    VIABLE ONE.  IF AN INSTITUTION DEMONSTRATES A NEED, YOU  
17    KNOW AND I KNOW FROM OUR PREVIOUS LIVES IN SPACE  
18    MANAGEMENT, THAT IT BOILS DOWN TO WHAT WE MIGHT CALL  
19    SALARIED-WORN BODIES.  IF YOU HAVE THE PEOPLE TO FILL  
20    THE SPACE, THEN THAT'S THE CRITERION, AND THAT'S GOING  
21    TO BE THE NEED THAT YOU'LL BE ABLE TO DEMONSTRATE.  AND  
22    BY PUTTING IT IN DOLLAR TERMS OR EVEN IN SQUARE FOOT  
23    TERMS, IT'S NOT AS MEANINGFUL.

24                AND I THINK WHEN PEOPLE WRITE THEIR  
25    PROPOSALS, KEEPING THAT IN MIND, WHAT THEIR NEEDS ARE,

1     WHAT THEIR PROJECTED NEEDS ARE, IT'S ALL GOING TO COME  
2     OUT IN THE WASH, AND THE CATEGORIES WILL ONLY GET IN  
3     YOUR WAY.

4             DR. HALL:   OKAY.   I'D LIKE TO --

5             MR. SERRANO-SEWELL:   CHAIRMAN KLEIN.

6             DR. HALL:   I'M SORRY.   I DON'T WANT TO CUT  
7     OFF THE DISCUSSION.

8             CHAIRMAN KLEIN:   WE HAVE A COUPLE OF  
9     IMPORTANT COMMENTS.

10            MR. SERRANO-SEWELL:   I'LL BE BRIEF.   I'M NOW  
11    SPEAKING AS VICE CHAIR OF THE WORKING GROUP.   WE HAVE A  
12    REALLY GREAT CHAIR, RUSTY DOMS.   AND IN MY  
13    CONVERSATIONS WITH HIM, HE WANTS TO MAKE SURE THAT  
14    THERE IS A COMFORT LEVEL AMONGST ALL OF US BEFORE WE GO  
15    FORTH WITH ANY MORE FACILITIES RFA'S.   WHAT I'M SENSING  
16    RIGHT NOW, MAYBE I'M WRONG, IS THERE'S A LOT OF  
17    DIFFERENT OPINIONS.   EVERYONE IS AGREEING WITH DR.  
18    POMEROY.   THAT IS OFTEN THE CASE.   WE OFTEN AGREE WITH  
19    HER.   BUT LET ME SAY THAT, YOU KNOW, WE DON'T HAVE A  
20    SUFFICIENT AMOUNT -- AND THERE'S A VALUE JUDGMENT.  
21    WHAT DOES SHARING MEAN?   IS IT JUST IDEAS AND  
22    INFORMATION?   DOES IT MEAN, NO, WE WANT YOU TO ACTUALLY  
23    SHARE SPACE?   WE THINK MARRIAGE, WHILE IT DIDN'T WORK  
24    OUT IN ONE INSTANCE AT STANFORD AND UCSF  
25    NOTWITHSTANDING, THAT WOULD BE SOMETHING YOU HAVE TO DO

1 OR NOT.

2 MY POINT IS WE DON'T HAVE A SUFFICIENT AMOUNT  
3 OF INFORMATION TO GO FORWARD WITH ANY KIND OF RFA,  
4 WHETHER IT'S MAJOR, SMALL. WE JUST DON'T. WE'VE GOT  
5 TO DO OUR DUE DILIGENCE. WE DID OUR DUE DILIGENCE WITH  
6 THE SEED AND THE COMPREHENSIVE. WE CLEARLY UNDERSTOOD  
7 WHAT WE WERE DOING. THERE WAS UNANIMITY AMONG ALL OF  
8 US THAT THIS WAS A WORTHY GOAL AND WE HAVE TO PROCEED.

9 WHILE I APPRECIATE THE INSTITUTIONS HAVE BEEN  
10 DESIGNING PLANS, I THINK WHAT CLAIRE IS PROPOSING, THEY  
11 CAN CONTINUE TO DO THAT AND NOT BE CONSTRAINED BY ANY  
12 ARTIFICIAL YOU'RE LARGE, YOU'RE MEDIUM, YOU'RE SMALL,  
13 AND MAYBE THAT'S SOMETHING WE WANT TO DO. MY POINT IS  
14 WE'VE GOT TO START FIRST WITH THE SURVEY. CALL IT A  
15 SURVEY, CALL IT A LETTER, CALL IT WHATEVER YOU WANT,  
16 BUT WE'VE GOT TO INSTRUCT -- CHAIRMAN KLEIN, I THINK  
17 IT'S APPROPRIATE TO INSTRUCT -- RECOMMEND TO STAFF THAT  
18 THEY BEGIN THAT PROCESS, THAT WE BEGIN TO ASK THESE  
19 VALUE JUDGMENT QUESTIONS. THEY THEN COME BACK TO US  
20 WITH THEIR FINDINGS AND PERHAPS SOME RECOMMENDATIONS.  
21 IT'S ONE LARGE ONE AND A SMALL ONE, OR IT'S EXACTLY AS  
22 YOU SEE IT TODAY, AND HERE'S THE REASONS WHY IT SHOULD  
23 BE THAT WAY.

24 MY POINT IS I DON'T KNOW. IF I DON'T AND WE  
25 DON'T KNOW, YOU CAN'T EXPECT THE FACILITIES WORKING

1       GROUP TO FIGURE IT OUT FOR US.  IT'S REALLY GOT TO COME  
2       FROM US.

3                   CHAIRMAN KLEIN:  CAN WE SEPARATE THAT INTO  
4       TWO PARTS?  ONE PART IS THAT IF THE INSTITUTIONS COULD  
5       SEND IN A SHORT FIVE-PAGE SUMMARY OF WHAT THEY'RE  
6       EXPECTING SO THEN IT'D COME BACK TO THIS BOARD, AND THE  
7       BOARD, WITH SOME INFORMATION, COULD THEN PROVIDE SOME  
8       GENERAL DIRECTIONS SO THE STAFF IS NOT WORKING IN A  
9       VACUUM AND WE'RE NOT WORKING IN A VACUUM.  WE HAVE, AS  
10      DR. POMEROY HAS SAID, APPROACH OF A SINGLE POOL, BUT WE  
11      HAVE ENOUGH INFORMATION TO CREATE SOME BASIC RULES AND  
12      TO GIVE SOME BASIC FEEDBACK SO THAT PEOPLE DON'T MAKE  
13      AN APPLICATION THAT RUNS STRAIGHT INTO A DIFFERENT  
14      EXPECTATION BY THE BOARD.

15                   IF WE HAVE INFORMATION, WE CAN MAKE  
16      REASONABLE RULES THAT LEAD TO REASONABLE DIRECTION SO  
17      THAT WE GET THE KIND OF RFA'S THAT WE REALLY  
18      ANTICIPATE.  DR. LOVE.

19                   DR. LOVE:  I ACTUALLY HAVE A QUESTION.  AND  
20      I'VE BEEN THINKING ABOUT IT A LITTLE BIT, PARTICULARLY  
21      SINCE STANFORD AND DR. PIZZO ACTUALLY HOSTED OUR NIH  
22      DIRECTOR LAST WEEK AT STANFORD.  HE MADE A STATEMENT  
23      THAT I THINK A LOT OF US WOULD AGREE WITH.  THAT IS,  
24      IT'S VERY LIKELY THAT AFTER THE NEXT PRESIDENTIAL  
25      ELECTION, THIS BAN ON STEM CELL RESEARCH WILL GO AWAY.

1                   SO MY QUESTION REALLY IS HOW MUCH DOES ALL OF  
2   OUR PLANNING ANTICIPATE THAT THE BAN GOES AWAY VERSUS  
3   STAYS IN PLACE? BECAUSE I WOULD IMAGINE, ANYWAY, IN  
4   THEORY, YOU COULD HAVE A VERY DIFFERENT APPROACH  
5   DEPENDING UPON WHERE YOU PLACE THE BET.

6                   CHAIRMAN KLEIN: LET'S DO DR. FONTANA.

7                   DR. FONTANA: WE HAD A ONE-TWO PUNCH HERE.  
8   WITH THAT STATEMENT IN MIND, WOULD IT BEHOOVE US TO  
9   SORT OF REEVALUATE THE AMOUNT OF FUNDING WE'RE DOING  
10  HERE? I'D LIKE TO REVISIT THE IDEA OF PLACING MORE  
11  EMPHASIS ON A STEM CELL BANK OR GMP FACILITIES BECAUSE  
12  I PLACE MY BET THAT THE PRESIDENTIAL OPINION OR FUNDING  
13  FOR HUMAN EMBRYONIC STEM CELLS WILL CHANGE. AND THAT  
14  IF WE'RE GOING TO BE ALLOTING HUNDREDS OF MILLIONS OF  
15  DOLLARS TO FACILITIES, THAT PERHAPS COULD BE ALTERED.

16                  DR. HALL: EXCUSE ME JUST A MOMENT, JEANNIE.  
17  CAN YOU MAKE THE CONVERSE ARGUMENT; THAT IS, IF FEDERAL  
18  MONEY IS GOING TO BE AVAILABLE, WHAT BETTER THING THAN  
19  TO HAVE AN INSTITUTION HAVE SPACE IN WHICH TO RECRUIT  
20  PEOPLE AND WHICH TO COMPETE FOR THAT FEDERAL MONEY?

21                  DR. FONTANA: WE'RE USING THIS MONEY TO  
22  CREATE SAFE HAVENS.

23                  DR. HALL: THE BIG SPACE WILL BE MORE THAN  
24  THAT.

25                  CHAIRMAN KLEIN: LET'S MOVE DOWN THE ROW, BUT

1 I WOULD SAY, DR. FONTANA -- I'LL DEFER MY COMMENTS, BUT  
2 WE HAVE ANOTHER COMMENT. DR. PIZZO.

3 DR. PIZZO: THANK YOU. I SAID YOU LIKE TO  
4 LOOK LEFT, BUT NOW I REALIZE I'M RIGHT, AND THAT MAKES  
5 IT DIFFICULT. I THINK I WANT TO MAKE JUST A COUPLE OF  
6 POINTS. ONE OF THEM IS THAT THERE IS A VERY  
7 SIGNIFICANT AMOUNT OF MONEY AVAILABLE IN PROP 71 FOR  
8 FACILITIES. THERE IS NO MONEY AVAILABLE FROM THE NIH  
9 REGARDLESS OF WHAT HAPPENS FROM THE NIH FOR FACILITIES.  
10 THIS IS ONE OF OUR BIGGEST CHALLENGES.

11 AT THE SAME TIME, WHILE IT LOOKS LIKE A LOT  
12 OF MONEY, IT'S FINITE. WE'RE TALKING ABOUT JUST UNDER  
13 \$300,000. AND ONCE THAT'S GONE -- 300 MILLION.  
14 SORRY -- 300 MILLION, PUT A FEW MORE ZEROS THERE. ONCE  
15 THAT MONEY IS EXPENDED, THERE IS NO OPPORTUNITY, AS I  
16 UNDERSTAND IT, TO GO BACK. I THINK THAT WHEN WE HEARD  
17 FROM DIRECTOR OF THE NIH, ZERHOUNI, LAST WEEK, I THINK  
18 HE WAS CLEAR, NOT ONLY IN THE MEETING THAT HE HAD WITH  
19 CEO'S, BUT HE MET WITH US EARLIER IN THE MORNING, AND I  
20 THINK HE IS QUITE CLEAR, THAT THERE'S GOING TO BE  
21 CHANGES AFOOT.

22 IN FACT, ONE OF THE THINGS THAT WE WERE  
23 STRUGGLING WITH, WHICH WAS THE NEED TO SEPARATE FEDERAL  
24 FUNDING MIXED WITH FUNDING FOR EMBRYONIC STEM CELLS, HE  
25 SAID DON'T WORRY ABOUT IT. THIS IS NOT GOING TO BE A

1 BIG ISSUE FOR US EVEN NOW.

2 SO WE'RE NOT LETTING THAT GOVERN US IN ANY  
3 SIGNIFICANT WAY, TED. BUT I THINK, FROM MY POINT OF  
4 VIEW, I THINK THAT UNLESS WE DO THE FACILITIES WELL, WE  
5 WILL HIT A RATE-LIMITING STEP IN THIS STATE BECAUSE  
6 THAT IS -- I CAN CERTAINLY SPEAK FOR STANFORD, AND I  
7 DON'T WANT TO JUST SPEAK FOR STANFORD BECAUSE I KNOW  
8 IT'S TRUE FOR OTHERS, BUT I KNOW IT THERE -- THAT IS  
9 GOING TO ULTIMATELY GOVERN WHAT WE CAN DO GOING  
10 FORWARD. SO WE, LIKE OTHERS, BEGAN OUR PLANNING FOR  
11 THIS, IN FACT, WELL BEFORE PROP 71 STARTED. AND WE'VE  
12 BEEN WORKING ALONG THAT THEME BECAUSE WE THINK THERE IS  
13 A UNIQUE AND SPECIAL OPPORTUNITY, BUT RAISING MONEY FOR  
14 FACILITIES IS A CHALLENGING ISSUE. AND PUTTING  
15 PUBLIC-PRIVATE PARTNERSHIPS TOGETHER IS ONE WAY OF  
16 HELPING TO A DEGREE TO ACCOMPLISH THAT GOAL.

17 CHAIRMAN KLEIN: ALL RIGHT. CAN I JUST ASK A  
18 QUICK QUESTION SO WE CAN GIVE SOME INDICATION? IS  
19 THERE ANY GENERAL FEELING THAT A SHORT-FORM SURVEY THAT  
20 WOULD GIVE FIVE PAGES OF INFORMATION ON INSTITUTIONS  
21 THROUGHOUT THE STATE OF WHAT THEIR NEEDS ARE, WOULD  
22 THAT INFORMATION BE HELPFUL TO THE BOARD?

23 MS. LANSING: YES.

24 MR. SERRANO-SEWELL: ABSOLUTELY.

25 DR. KESSLER: NEEDS OR PLANS, BOB?

1                   CHAIRMAN KLEIN:  WHAT THEIR PLANS ARE AND  
2   WHAT THEIR GENERAL STATEMENT OF PURPOSE IS AND  
3   JUSTIFICATION.

4                   DR. HALL:  HOW LONG WOULD IT TAKE  
5   INSTITUTIONS TO GENERATE THAT FORM FOR US?

6                   CHAIRMAN KLEIN:  INSTITUTIONS HAVE BEEN  
7   WORKING ON IT A LONG TIME.  I THINK THEY HAVE --

8                   DR. PIZZO:  WE KNOW WHAT'S GOING ON IN THIS  
9   GROUP; BUT WHEN YOU SAY INSTITUTIONS IN CALIFORNIA,  
10  THAT INCLUDES EVERYBODY WHO MIGHT APPLY THAT WE DON'T  
11  KNOW.

12                  CHAIRMAN KLEIN:  THEY'VE ALL READ THE  
13  PROPOSITION IF THEY'RE OF ANY SIZE, AND THEY'VE ALL  
14  SEEN THE INFORMATION ABOUT GETTING PREPARED FOR MAJOR  
15  FACILITIES.  SO THERE ARE A NUMBER OF PEOPLE NOT  
16  REPRESENTED ON THIS BOARD WHO WE'VE HEARD DISCUSSIONS  
17  OR GOTTEN INQUIRIES FROM.  THESE PEOPLE HAVE BEEN  
18  THINKING ABOUT IT FOR SOME TIME.

19                  SO IN TERMS OF RESPONDING QUICKLY, THE  
20  INSTITUTIONS ON THIS BOARD HAVE THE ABILITY TO DO A  
21  FIVE-PAGE SUMMARY FAIRLY QUICKLY.

22                  DR. HALL:  IN THE NEXT WEEK?

23                  MR. SERRANO-SEWELL:  WE NEED MORE TIME THAN  
24  THAT.

25                  DR. BRYANT:  I'M NOT SURE THAT THAT'S THE WAY



1 WE SHOULD BE GOING. I ACTUALLY THINK A BETTER WAY TO  
2 GO WOULD BE TO OPEN THE POOL, AS WAS SUGGESTED,  
3 EVALUATE THE PROPOSALS BASED ON THE SCIENCE AND THE  
4 QUALITY OF THE SCIENCE AND THE MAGNITUDE OF THE  
5 SCIENCE, AND THEN MAKE A MATCH BETWEEN THAT AND SOME  
6 AMOUNT OF MONEY. AND THAT IF YOU COME IN -- IF AN  
7 INSTITUTION COMES IN WITH A BUILDING PLAN THAT IS X  
8 AMOUNT, BUT YOU GET A SIGNIFICANTLY LESS AMOUNT, THAT'S  
9 REQUESTING X AMOUNT AND GETS OFFERED LESS, THEN THEY  
10 CAN BE ASKED THE QUESTION: CAN YOU REVISE YOUR PLAN TO  
11 FIT WHERE YOU FIT IN THE SCIENTIFIC REALM? AND EITHER  
12 THEY WILL OR THEY WON'T, BUT THEN IT MAKES IT ONE  
13 PROCESS. YOU DON'T HAVE TO GO OUT FOR COMMENTS AND  
14 COME BACK, AND YOU CAN BASE IT ON THE SCIENCE.

15 CHAIRMAN KLEIN: WELL, YOU'RE ALWAYS GOING TO  
16 BASE IT ON THE SCIENCE. I THINK WE'VE GOT UNANIMITY ON  
17 THAT ISSUE. BUT THE QUESTION IS HOW DO YOU WORK AND  
18 HOW DOES THE FACILITIES GROUP, HOW DOES ANYBODY WORK IN  
19 A TOTAL VACUUM OF INFORMATION AND ON HEARSAY AND  
20 DIFFERENT STATEMENTS MADE AT DIFFERENT PUBLIC HEARINGS?  
21 HAVING A GENERAL AMOUNT OF INFORMATION WOULD BE VERY  
22 HELPFUL.

23 DR. KESSLER, YOU HAD A QUESTION.

24 DR. KESSLER: BEFORE YOU PUT OUT A REQUEST  
25 FOR INFORMATION, YOU HAVE A WORKING GROUP, FACILITIES

1       WORKING GROUP.

2               DR. HALL:   MEETING FRIDAY.

3               DR. KESSLER:  IT MAY BE JUST WORTHWHILE THE  
4       WAY YOU ASK THE QUESTIONS WHAT YOU'RE ASKING FOR AND  
5       WHAT'S EASILY AVAILABLE.  IT WOULD BE GOOD TO JUST TEST  
6       THAT WITH SOME FOLKS WHO HAVE SOME UNDERSTANDING OF  
7       THIS.

8               DR. HALL:  LET ME JUST ASK.  THE SURVEY, YOU  
9       WANT AN INSTITUTION TO SAY WE ARE PLANNING FOR AN X  
10      SQUARE FOOT BUILDING, OF WHICH Y SQUARE FEET WOULD BE  
11      DEVOTED TO STEM CELL RESEARCH.  WE EXPECT IT WOULD  
12      HOUSE THE FOLLOWING COMPONENTS WITH ROUGHLY THE  
13      FOLLOWING NUMBER OF INVESTIGATORS.  AND WE WOULD ASK  
14      FOR X, Z, I GUESS, WE'RE AT, MILLIONS OF DOLLARS, AND  
15      WE WOULD JUST ASSUME THAT YOU HAVE THE MATCH.  THAT'S  
16      NOT AN ISSUE.  AND THE UNIQUE FEATURES OF THIS OR THE  
17      REASONS IT WOULD BE IMPORTANT OR OUR UNIQUE  
18      CONTRIBUTIONS WOULD BE A, B, AND C.

19              TO BE PERFECTLY HONEST, IT SEEMS TO ME THAT  
20      THIS INTRODUCES A DELAY.  I THINK WE COULD DO AN RFA,  
21      HAVE PEOPLE COME IN, MAKE THE CASE, AND THEN CARRY OUT  
22      THE EVALUATIONS BASED ON THAT BECAUSE YOU CAN'T IN THE  
23      LETTER OR THE SURVEY THAT YOU ASKED, WE CAN'T DO A  
24      SCIENTIFIC JUDGMENT THERE.  THAT CAN'T BE PART OF IT.  
25      SO THAT'S AN EXTRA.  IT'S UP TO -- WE'RE AT YOUR

1 PLEASURE HERE.

2 CHAIRMAN KLEIN: DR. PENHOET, AND THEN WE'RE  
3 GOING TO FOLLOW DOWN MY RIGHT SIDE.

4 DR. PENHOET: I WAS JUST GOING TO SAY IF YOU  
5 WANT TO SKIP THE STEP, YOU WOULD SIMPLY WRITE AN RFA  
6 THAT WE ARE PREPARED TO RECEIVE PROPOSALS FOR  
7 FACILITIES UP TO, PICK A NUMBER, \$50 MILLION, AND JUST  
8 GET THEM ALL IN.

9 DR. HALL: IT'S VERY CLEAR FROM WHAT'S  
10 BEEN --

11 DR. PENHOET: AND THEN YOU WOULD MINIMIZE THE  
12 DELAY. MANY OF THESE HAVE BEEN IN LONGTIME PREPARATION  
13 ANYWAY, BUT YOU WOULDN'T SAY IN THE RFA WE'LL GIVE  
14 PREFERENCE TO X, Y, Z, Q, OR OTHERWISE. IT'S SIMPLY A  
15 BLANKET RFA FOR FACILITIES TO DO STEM CELL RESEARCH IN  
16 THE STATE OF CALIFORNIA. PUT YOUR BEST FOOT FORWARD,  
17 AND WE'LL SEE WHAT HAPPENS.

18 DR. HALL: JUST TO QUICKLY SUMMARIZE SO FAR,  
19 THE THREE-TIERED PLAN IS NOT THE RIGHT APPROACH. WE  
20 WANT TO HAVE ALL THE FACILITIES IN TOGETHER. THE BROAD  
21 BUDGET OUTLINES, I ASSUME, ARE ABOUT RIGHT, ALTHOUGH WE  
22 HAVE ONE VOICE THAT SAYS IT SHOULD BE LESS. WE SHOULD  
23 HAVE LESS MONEY FOR CONSTRUCTION NOW. DUANE ROTH  
24 SUGGESTED THAT WE NEED TO BE VERY CLEAR ABOUT THE  
25 20-PERCENT MATCH. LARGE AND SMALL GRANTS SHOULD BE

1 PART OF THE SAME RFA. THAT'S MOOT. AND CAN WE HAVE --  
2 I ASSUME THE APPLICATION, THE SAME PROCEDURE. AND  
3 PREQUALIFICATION NO ONE IS INTERESTED IN, AS FAR AS I  
4 COULD TELL.

5 SO THE QUESTION IS WHETHER A SURVEY WOULD BE  
6 USEFUL.

7 DR. PENHOET: IF I MIGHT, I THINK THE SURVEY  
8 IN ONLY USEFUL IF YOU WANT TO CONSTRAIN THE RFA. IF  
9 YOU DON'T, THEN JUST TAKE ALL COMERS.

10 CHAIRMAN KLEIN: YOU, FOR EXAMPLE, SAID PUT  
11 OUT AN RFA AND HAVE A \$50 MILLION CAP. IF YOU DON'T  
12 KNOW WHAT THE FOUR INSTITUTIONS IN SAN DIEGO MAY BE  
13 PROPOSING TO ALL GO TOGETHER TO MORE EFFICIENTLY  
14 PROPOSE SOMETHING, AND THEY NEED 65 MILLION FROM US,  
15 BUT IT'S FOUR INSTITUTIONS BEING SERVED, YOU'RE  
16 OPERATING WITHOUT EVEN THE BASIC INFORMATION. HOW CAN  
17 WE RESPONSIBLY DO THAT?

18 DR. POMEROY: -- UNUSUAL CIRCUMSTANCES WHERE  
19 JUSTIFICATION IS PROVIDED.

20 DR. PENHOET: WHY ADD AN EXTRA STEP IS MY  
21 POINT.

22 CHAIRMAN KLEIN: OKAY. I THINK SHERRY  
23 LANSING HAD SOME POINTS AND DR. BRENNER HASN'T SPOKEN.

24 DR. HALL: I CAN GUARANTEE YOU -- I'M SORRY.  
25 GO AHEAD.

1                   CHAIRMAN KLEIN:  SHERRY AND THEN DR. BRENNER.

2                   MS. LANSING:  I JUST WANT TO GO BACK TO THIS  
3   THING OF COLLABORATION.  AND MY SUGGESTION IS WHEN YOU  
4   PUT OUT YOUR RFA, YOU PUT OUT CERTAIN SORT OF  
5   GUIDELINES FOR PEOPLE BECAUSE WE'VE DONE THAT BEFORE.  
6   AND THE REASON THAT I WOULD LIKE TO COME BACK TO  
7   ENCOURAGING COLLABORATION, AND I'M NOT IN ANY WAY, NOR  
8   WAS I EVER, SUGGESTING THAT WE FORCE IT.  I THINK WE  
9   KEEP GOING BACK TO THE UCSF-STANFORD THING.  AND I WAS  
10  A REGENT WHEN THAT WAS ENACTED.  I THINK THERE'S A REAL  
11  DIFFERENCE, AND I KEEP COMING BACK TO THE FACT THAT I  
12  HOPE THAT THIS RESEARCH AND THIS BOARD WILL ACT  
13  DIFFERENTLY.  THAT WAS THE MELDING OF TWO HOSPITALS,  
14  TWO FACILITIES.  IT WASN'T ONE GOAL.  AND THERE'S  
15  DIFFERENT CULTURES.  THE CULTURES DIDN'T MELD.

16                  BY THE WAY, THAT DOESN'T SPEAK TO THE FACT  
17  THAT THAT'S WRONG.  MAYBE WHATEVER HAPPENED THERE  
18  DOESN'T SPEAK, AND I DON'T MEAN THIS IN A FUNNY WAY,  
19  BEING A REGENT, TO THE WAY WE HANDLED IT, TO THE WAY  
20  THE CULTURES HANDLED IT.  MAYBE EVERYBODY IS AT FAULT.  
21  MAYBE THE IDEA WAS A GOOD IDEA.  MAYBE IT WAS A  
22  TERRIBLE IDEA.  I WASN'T ON THE COMMITTEE, SO I'M NOT  
23  PASSING JUDGMENT.

24                  BUT WE HAVE ONE GOAL HERE, AND THAT IS STEM  
25  CELLS.  THAT PARTICULAR AREA OF SCIENCE, OF COURSE,

1     THERE WILL BE DIFFERENCES IN IT.  AND WE'RE TRYING TO  
2     DO SOMETHING VERY, VERY DIFFERENT, AND WE'RE TRYING TO  
3     MAXIMIZE THE DOLLARS THAT WE HAD.  I DON'T WANT ANY  
4     MORE MONEY THAN IS VITALLY NECESSARY TO GO TO BRICKS  
5     AND MORTARS.  I WANT AS MUCH OF IT TO GO TO SCIENCE.  
6     SO ALL THAT I'M SAYING IS THAT ENCOURAGING  
7     COLLABORATION, NOT WHEN IT IS INEFFICIENT, NOT WHEN,  
8     YOU KNOW, IT TAKES YOU TWO HOURS TO GET ONE PLACE, BUT  
9     WHenever IT'S POSSIBLE IS A GOAL THAT SHOULD BE  
10    ENCOURAGED.  AND ALL THE INSTITUTIONS AND ALL THE  
11    INDIVIDUALS AROUND HERE SHOULD BE IDEALISTIC ENOUGH TO  
12    THINK THAT WE'RE GOING TO DO SOMETHING DIFFERENT.  
13    THAT'S ALL I'M SAYING.  I THINK IT IS COMPLETELY  
14    DIFFERENT THAN UCSF AND STANFORD.

15               THIS IS A COMMON GOAL.  UNFORTUNATELY, THOSE  
16    TWO INSTITUTIONS DID NOT HAVE A COMMON GOAL.  I THINK  
17    IT IS ALL ABOUT THE SCIENCE.  AND I GUESS THAT'S -- I  
18    JUST KEEP COMING BACK TO ENCOURAGING THAT IN AN RFA IS  
19    NOT FORCING IT AND PERHAPS IS OPENING SOME PEOPLE UP TO  
20    THINKING A LITTLE DIFFERENTLY SO THAT EVERYBODY ISN'T  
21    COMPETING AND EVERYBODY THINKS A LITTLE DIFFERENTLY.

22               CHAIRMAN KLEIN:  DR. PIZZO.  NO.  DR. BRENNER  
23    AND THEN DR. PIZZO AND MARCY.

24               DR. BRENNER:  SO FIRST OF ALL, I JUST WANT TO  
25    SAY THAT USUALLY WHEN YOU HAVE AN RFA OF THIS

1     MAGNITUDE, IT'S USUALLY PRECEDED WITH A LETTER OF  
2     INTENT. ALL THE NATIONAL INSTITUTES OF HEALTH RFA'S  
3     AND MOST OF THE FOUNDATIONS USUALLY ASK, IT'S JUST ONE  
4     PAGE, AND THOSE OF US WHO HAVE TO REVIEW GRANTS FIND IT  
5     INCREDIBLY USEFUL. IT SETS THE PARAMETERS. IT SETS  
6     THE AMOUNT OF MONEY. IT TELLS YOU HOW MANY PEOPLE ARE  
7     APPLYING. IT LETS YOU PICK YOUR REVIEWERS WITH  
8     EXPERTISE TO BE ABLE TO ENSURE THAT YOU CAN REVIEW IT  
9     IN A GOOD WAY. I DON'T THINK IT'S ASKING VERY MUCH  
10    BEFORE YOU GIVE \$50 MILLION TO ASK FOR ONE PAGE TO  
11    PRECEDE THIS, AND I THINK IT WOULD HELP US  
12    TREMENDOUSLY.

13             DR. HALL: WE WILL HAVE A LETTER OF INTENT IN  
14    ANY CASE. THE QUESTION IS WHETHER WE SHOULD JUST GO  
15    AHEAD AND ISSUE THE RFA AND THEN HAVE THE LETTER OF  
16    INTENT. WE'VE DONE THAT WITH EACH OF OUR GRANTS. OR  
17    WHETHER WE SHOULD HAVE SOME SORT OF SURVEY BEFORE.

18             DR. BRENNER: I THINK THE LETTER OF INTENT  
19    WILL FULFILL THAT OBLIGATION IF IT'S DESIGNED PROPERLY.  
20    YOU TELL PEOPLE WHAT YOU WANT IN THE LETTER OF INTENT.  
21    YOU WANT THE FOLLOWING THINGS: DOLLAR AMOUNT YOU'RE  
22    ENVISIONING, THE INSTITUTIONS INVOLVED, THE UNIQUENESS  
23    OF YOUR PROJECT, THE GOALS, AND THEN YOU CAN DESIGN  
24    EVERYTHING FROM THAT. SO I THINK THAT WILL FULFILL  
25    BOTH YOUR NEEDS.

1 DR. HALL: ONE THING I CAN GUARANTEE YOU,  
2 THAT THE TOTAL AMOUNT OF MONEY REQUESTED, EITHER IN A  
3 SURVEY OR IN A LETTER OF INTENT, WILL VASTLY EXCEED  
4 \$220 MILLION.

5 DR. BRENNER: THERE WILL BE SOME SELECTIVITY.  
6 THE OTHER IS THAT I JUST WANT TO EMPHASIZE ABOUT THE  
7 ROLE OF FACILITIES. WHATEVER NIH DOES, THERE'S GOING  
8 TO BE A NEED TO HAVE FACILITIES DEVOTED TO STEM CELLS  
9 IF CALIFORNIA IS GOING TO BE VERY SUCCESSFUL IN THIS  
10 BECAUSE NO ONE ELSE IS GOING TO DO THIS FOR US. AND  
11 THIS WILL BE A LEGACY, NOT JUST FOR THESE DOLLARS, BUT  
12 HOPEFULLY FOR NIH DOLLARS AND FOUNDATION DOLLARS AND  
13 OTHER SOURCES THAT WILL GO INTO THIS. SO I THINK THAT  
14 THERE WILL BE AMAZING SYNERGIES. IF WE CREATE THE  
15 STRUCTURE, THEN THERE WILL BE A LOT OF OTHER RESOURCES  
16 THAT WILL BE PUT INTO THIS.

17 SO I DON'T WANT TO UNDEREMPHASIZE HOW  
18 IMPORTANT FACILITIES ARE. IF YOU WANT TO START A NEW  
19 PROGRAM, YOU CAN'T DISPLACE SOMEONE. IT JUST DOESN'T  
20 HAPPEN. YOU HAVE TO HAVE NEW FACILITIES TO DO IT.

21 THE THIRD THING, I DID WANT TO ENCOURAGE  
22 COLLABORATIONS THAT OCCUR NATURALLY. I DON'T WANT TO  
23 FORCE PEOPLE TO TRAVEL TWO MILES OR TWO HOURS FOR TWO  
24 MILES LIKE THEY DO IN L.A. I DON'T KNOW WHAT THEY DO  
25 HERE. I UNDERSTAND IT'S VERY DIFFICULT TO GET AROUND



1     IN L.A. BUT I DO THINK, THOUGH, THAT THERE ARE  
2     SYNERGIES IN INSTITUTIONS IN CERTAIN PLACES, INCLUDING  
3     IN SAN FRANCISCO AND L.A. AND IN SAN DIEGO, THAT WE  
4     SHOULD ENCOURAGE AND NOT DISCOURAGE. THERE TENDS TO BE  
5     TO DEVELOP IDENTICAL FACILITIES AT TWO INSTITUTIONS  
6     WHEN ACTUALLY IT WOULD BE BETTER TO HAVE TWO DIFFERENT  
7     FACILITIES AND REALLY TRY TO GET THE MOST BANG FOR OUR  
8     BUCK. I DON'T WANT TO FORCE IT. I UNDERSTAND DR.  
9     PIZZO'S POINT, BUT I DO THINK THAT THERE ARE  
10    ADVANTAGES, AND WE SHOULD GIVE PEOPLE CREDIT WHEN THEY  
11    TRY TO DO THAT.

12               MS. FEIT: WELL, I'M ON THE FACILITIES  
13    WORKING GROUP, AND I CAN TELL YOU, AFTER THIS  
14    DISCUSSION, THE ONE THING THAT I DON'T WANT TO HAVE  
15    HAPPEN IS TO BE HANDED A BOX FULL OF RFA'S AND THEN A  
16    HANDFUL OF US ARE SUPPOSED WORK THROUGH THEM AND DECIDE  
17    THIS IS THE WAY TO SPEND MILLIONS AND MILLIONS OF  
18    DOLLARS. WHEN WE DID THE RESEARCH GRANTS, THERE WERE  
19    SOME REAL GOALS. THE FOCUS WAS ON THE QUALITY OF THE  
20    SCIENCE. THERE WAS EMPHASIS ON WHO WAS COLLABORATING  
21    WITH THE RESEARCHER, THE HISTORY OF THE RESEARCH. WE  
22    HAD DEFINITE GOALS AND GUIDELINES IN MIND IN TERMS OF  
23    HOW WE WERE GOING TO MAKE THAT DECISION.

24               I WOULD LIKE TO KNOW MORE HOW THE  
25    INSTITUTIONS IN SAN DIEGO CAME TOGETHER AND DECIDED

1     THAT THEY COULD COLLABORATE.   HOW DID THEY OVERCOME  
2     SOME OF THE THINGS THAT WERE DISCUSSED HERE TODAY?  
3     BECAUSE WE NEED THAT INFORMATION ON THE WORKING GROUP.  
4     WE NEED TO KNOW, WHEN WE'RE MAKING THESE DECISIONS, IF  
5     WE DO SEE TWO IDENTICAL FACILITY APPLICATIONS 12 MILES  
6     APART, WHAT IS OUR DECISION GOING TO BE?  THIS IS NOT  
7     GOING TO BE EASY.  AND I DON'T BELIEVE HANDING US A BOX  
8     FULL OF RFA'S IS GOING TO WORK.  THAT IS NOT GOING TO  
9     WORK FOR ME.

10                 MR. ROTH:  MARCY, IF I COULD RESPOND.  IT  
11     TOOK TIME TO GET DONE WHAT GOT DONE IN SAN DIEGO.  IT  
12     DID NOT HAPPEN EASILY BECAUSE THERE WERE THESE SAME  
13     DISCUSSIONS GOING AROUND THE TABLE.  AND FINALLY SOME  
14     COMMUNITY LEADERS STEPPED IN AND SAID, CIRM MONEY OR  
15     NOT, THIS IS A GOOD THING.  LET'S COLLABORATE.  THAT'S  
16     WHAT ACTUALLY CAUSED IT TO HAPPEN.

17                 CHAIRMAN KLEIN:  DR. PIZZO.

18                 DR. PIZZO:  SO, SHERRY UNFORTUNATELY ISN'T  
19     HERE, AND I JUST WANT TO RESPOND TO TWO PARTS OF THE  
20     QUESTION.  THE FIRST IS THAT THERE IS A LIMIT ON THE  
21     AMOUNT OF MONEY THAT WILL BE SPENT FOR FACILITIES.  AND  
22     IT'S, YOU KNOW, A TENTH OF THE OVERALL AMOUNT.  SO  
23     CLEARLY PROGRAMMATIC AND RESEARCH AND ALL THE OTHER  
24     THINGS THAT WE VALUE AND WANT TO SEE HAPPEN WILL  
25     DOMINATE OUR AGENDA NO MATTER WHAT.  I THINK, FOR THOSE

1 REASONS, AS WE'VE SAID IN OTHER SECTORS, WE NEED TO BE  
2 VERY THOUGHTFUL ABOUT HOW WE SPEND THE MONEY.

3 SECOND IS I AGREE THAT COLLABORATION AND  
4 INTERACTION IS WHAT WILL MAKE US SUCCESSFUL. BUT IT  
5 WILL COME IN MANY DIFFERENT FORMS AND FORMATS. TO  
6 GOVERN THAT OR TO DEFINE ONE FORM OF COLLABORATION AS  
7 BEING SUPERIOR TO ANOTHER, I THINK, BREEDS -- OR ASKING  
8 ALL TO BE THE SAME BREEDS MEDIOCRITY AS COMPARED TO  
9 INNOVATION. AND WE SHOULD ALLOW THE MOST INNOVATIVE  
10 IDEAS TO COME FORWARD, AND WE CAN CERTAINLY SAY THAT WE  
11 ENCOURAGE COLLABORATION, BUT THAT OCCURS, I THINK,  
12 WITHIN INSTITUTIONS VERY BROADLY OR IT OCCURS AMONG  
13 THEM, AND THIS IS GOVERNED BY MANY RELATED FACTORS.

14 I THINK THAT, AS I'VE HEARD THE DISCUSSION  
15 TODAY, I THINK I AGREE THAT A PRE-RFA SURVEY PER SE  
16 DOESN'T MAKE A LOT OF SENSE TO ME. I WORRY ABOUT WHAT  
17 THE IMPLICATIONS OF THAT WILL BE. I ALSO WORRY ABOUT  
18 WILD WISHES THAT WILL COME FORWARD BECAUSE I THINK WE  
19 CAN CAPTURE THIS IN THE WAY THAT WAS JUST ARTICULATED.  
20 I THINK IF WE HAVE SOME REAL DEFINED GUIDELINES AND WE  
21 DO AN LOI BEFORE THE RFA TAKES PLACE, IT WILL SERVE  
22 THAT VALUE, BUT IT WILL MAKE PEOPLE MORE SERIOUS ABOUT  
23 WHAT THEY'RE DOING.

24 WHAT I WORRY ABOUT WITH A SURVEY IS THAT  
25 INSTITUTIONS MAY NOT BE REALLY SERIOUS ABOUT IT. THEY

1 MAY FEEL THAT IF THEY DON'T GET ON BOARD NOW, THEY'RE  
2 GOING TO MISS THE OPPORTUNITY. THEY'LL COME FORWARD  
3 WITH SORT OF PIE-IN-THE-SKY PLANS THAT MAY NOT BE  
4 CREDIBLE, AND WE MAY WIND UP BEING MORE CONFUSED AS A  
5 CONSEQUENCE.

6 SO I WOULD AGREE WITH WHAT MARCY SAID. WE  
7 NEED TO BE CRISP AND CLEAR ABOUT WHAT WE'RE LOOKING  
8 FOR, AND THEN WE SHOULD MAKE THE INTENT A SERIOUS  
9 EFFORT.

10 MR. SERRANO-SEWELL: DR. PIZZO, DO YOU THINK  
11 WE'RE CRISP AND CLEAR NOW, RIGHT NOW TODAY?

12 DR. PIZZO: I THINK WE CAN GET THERE.

13 MR. SERRANO-SEWELL: TODAY? I DON'T.

14 DR. HALL: LET ME JUST --

15 DR. PIZZO: I GUESS I DON'T WANT TO BE  
16 POLLYANNA-ISH ABOUT IT AND SAY THAT I'M CRYSTAL CLEAR  
17 ABOUT IT, BUT I FEEL CLEARER THAN IT SOUNDS LIKE YOU  
18 ARE.

19 MR. SERRANO-SEWELL: I'M CLEARER NOW WITH  
20 THIS CONVERSATION THAN I WAS WHEN WE STARTED OBVIOUSLY.  
21 MAYBE THE SURVEY IS NOT THE RIGHT WORD, THE RIGHT WAY  
22 TO GO. YOU BRING UP SOME VERY VALID ISSUES, AND I  
23 WANTED TO TAIL ON WHAT MARCY SAID. AND THAT IS, AS  
24 VICE CHAIR, I'M NOT GOING TO TAKE SOMETHING TO THE  
25 WORKING GROUP OR RATHER RECOMMEND -- I'M ONLY ONE

1 PERSON ON THE WORKING GROUP -- RECOMMEND THAT WE  
2 PROCEED DOWN A COURSE IN WHICH THAT WORKING GROUP IS  
3 NOT COMFORTABLE. IT WILL BE MY RECOMMENDATION TO THAT  
4 WORKING GROUP TO SEND IT RIGHT BACK TO THE ICOC.

5 SO THE FACT THAT WE'RE CLEAR AND CONCISE AND  
6 UNDERSTAND WHAT WE'RE DOING, THAT IS IMPERATIVE FOR THE  
7 WORKING GROUP TO PROCEED IN ITS JOB. IF IT'S NOT A  
8 SURVEY, IT'S GOT TO BE SOMETHING.

9 CHAIRMAN KLEIN: I THINK THAT THE KEY ISSUE  
10 HERE IS THAT WE NEED TO HAVE A BASIS OF INFORMATION FOR  
11 MAKING RULES. NOW, IF WE'RE GOING TO HAVE PEOPLE ISSUE  
12 LETTERS OF INTENT AND THEN MAKE THE RULES, THAT PUTS  
13 THEM IN A VERY BAD POSITION.

14 DR. PIZZO: I'M ACTUALLY SAYING SOMETHING A  
15 LITTLE DIFFERENT THAN THAT.

16 DR. HALL: LET ME JUST SAY I'M VERY CONFUSED  
17 HERE BECAUSE, IN GENERAL, WHAT YOU DO IS YOU HAVE AN  
18 RFA, HERE ARE THE GENERAL RULES, AND THEN YOU SUBMIT A  
19 LETTER OF INTENT.

20 DR. PIZZO: THAT'S RIGHT. THAT'S WHAT I HAD  
21 IN MIND.

22 DR. HALL: IT'S NOT JUST A FREE -- OTHERWISE  
23 YOU SAY WHAT YOU WANT TO DO.

24 DR. PIZZO: I THINK IF WE WERE DOING A SURVEY  
25 TWO YEARS AGO, I MIGHT HAVE FELT DIFFERENTLY ABOUT IT.

1 GIVEN THE TIMING OF THIS, WHERE WE ARE, THE LENGTH OF  
2 TIME THAT IT WILL TAKE TO GET FACILITIES IN PLACE, I  
3 THINK THAT WE DO WANT TO SEE SOMETHING HAPPEN THIS  
4 YEAR. I THINK FIRST AND FOREMOST THERE NEEDS TO BE A  
5 CLEAR DELINEATION ABOUT WHAT THE GUIDELINES ARE, WHAT  
6 THE BOUNDARIES ARE, WHAT WE'RE LOOKING FOR AND WHY, AND  
7 THEN WE ASK INSTITUTIONS TO RESPOND IN A SERIOUS WAY TO  
8 THAT.

9 DR. HALL: I THINK WE'VE MADE A LOT OF  
10 PROGRESS ON JUST THOSE ISSUES TODAY. DAVID, I WOULD  
11 SAY OF ALL THE QUESTIONS, I THINK WE HAVE ANSWERS  
12 ESSENTIALLY TO ALL OF THEM.

13 CHAIRMAN KLEIN: WE HAVE DR. PENHOET. AS  
14 ANOTHER MEMBER OF THE FACILITIES WORKING GROUP, I CAN  
15 TELL YOU I CANNOT CONCEIVE OF HOW YOU CAN RECOMMEND  
16 GUIDELINES TO THIS BOARD WITH NO INFORMATION. IT'S  
17 JUST UNBELIEVABLE. IF YOU DON'T --

18 DR. HALL: BUT YOU CAN'T ASK PEOPLE JUST TO  
19 SUBMIT. YOU HAVE TO GIVE THEM SOME STRUCTURE. YOU  
20 CAN'T SAY JUST SUBMIT A LETTER.

21 CHAIRMAN KLEIN: HOW ARE YOU GOING TO CREATE  
22 THE STRUCTURE WITHOUT HAVING ANY IDEA WHAT THE  
23 PROPOSAL'S RANGE IS OR WHAT IDEAS OF JUSTIFICATION THAT  
24 PEOPLE HAVE?

25 DR. HALL: I THINK YOU HAVE TO SAY WE ARE

1     CONSIDERING AN RFA.  LET'S JUST FOLLOW OUT THE SURVEY  
2     THING.  WE ARE CONSIDERING AN RFA THAT WOULD HAVE THE  
3     FOLLOWING CHARACTERISTICS.  I THINK OTHERWISE YOU'RE  
4     LEFT IN A SITUATION WHERE YOU SAY TO AN INSTITUTION  
5     WE'RE GOING TO GIVE AWAY SOME MONEY FOR CONSTRUCTION.  
6     TELL US WHAT YOU WANT TO DO.  I THINK IMMEDIATELY, I  
7     PREDICT, OUR PHONES WILL BE RINGING.  WHERE ARE WE?  
8     WHAT ARE THE GUIDELINES?

9             MY OWN VIEW IS THAT WE'VE HEARD QUITE A LOT  
10    TODAY.  WE WILL HAVE A SINGLE COMPETITION.  THERE WILL  
11    BE A CONTINUOUS RANGE IN SIZE.  THE SCIENCE WILL BE  
12    VERY IMPORTANT.  AND WE'LL EMPHASIZE NOT JUST A  
13    BUILDING FOR A BUILDING SAKE, BUT THE PROGRAM THAT THE  
14    BUILDING WILL SPONSOR.  WE WANT TO ENCOURAGE  
15    COOPERATION AND COLLABORATION WITHOUT REQUIRING IT,  
16    ABSOLUTELY.  AND WE WANT CLARITY ON THE MATCH.

17            AND I THINK YOU CAN WRITE AN RFA BASED ON  
18    THAT, AND THEN LET PEOPLE COME IN AND MAKE THE CASE  
19    THEMSELVES FOR WHY THE PROGRAM THAT THEY WILL -- THE  
20    WAY THEY WILL USE THIS MONEY WILL BENEFIT THE OVERALL  
21    PROGRAM OF STEM CELL RESEARCH IN CALIFORNIA.  SO I  
22    THINK WE COULD DO IT, AND I WOULD BRING THAT -- WE CAN  
23    HAVE SOMETHING FOR CONCEPT APPROVAL BACK TO YOU IN  
24    JUNE; HOWEVER, IF YOU WISH US TO HAVE A SURVEY  
25    BEFOREHAND, THEN WE WILL NEED TO DO PART OF THAT IN

1 ORDER TO INSTRUCT PEOPLE WHAT WE WANT IN THE SURVEY.

2 SO THAT THAT'S -- I'M --

3 CHAIRMAN KLEIN: WHAT WE NEED TO DO HERE IS  
4 WE HAVE TO MOVE ON. WE'VE GOT A COUPLE OF ITEMS WE'VE  
5 GOT TO GET THROUGH. I THINK WE'VE HAD DISCUSSION.  
6 THERE'S CLEARLY A LOT OF ISSUES UP IN THE AIR. THE  
7 FACILITIES GROUP CAN HELP GIVE SOME DIRECTIONS ABOUT  
8 WHAT THEY NEED IN THIS PROCESS.

9 DR. HALL: THE CONSENSUS OF THE GROUP, THEN,  
10 ON THIS ONE ISSUE IS STILL UNCLEAR TO ME. DO YOU WANT  
11 A SURVEY OR NOT? AND IF SO, WE NEED TO GET TO WORK ON  
12 IT.

13 MR. SERRANO-SEWELL: TO THAT QUESTION, DR.  
14 HALL, MAYBE WE SHOULD SURVEY OURSELVES YES OR NO. THAT  
15 MIGHT HELP.

16 CHAIRMAN KLEIN: THE ISSUE OF A SURVEY WE'RE  
17 TALKING ABOUT IS IN THREE WEEKS SOMEBODY PUTTING  
18 TOGETHER FIVE PAGES WITH BASIC INFORMATION.

19 MR. SERRANO-SEWELL: DEFINE A SURVEY.

20 CHAIRMAN KLEIN: JUST AS A STRAW VOTE, WHO IS  
21 IN FAVOR OF THAT TYPE OF IMMEDIATE BASIC INFORMATION?

22 MR. SERRANO-SEWELL: COULD YOU SAY IT AGAIN?

23 CHAIRMAN KLEIN: A SURVEY THAT IS FIVE PAGES  
24 OF BASIC INFORMATION TO BE DELIVERED IN THREE WEEKS BY  
25 THE INSTITUTIONS SO THAT WE HAVE AN INFORMATIONAL BASE



1 TO MAKE DECISIONS ON CRITERIA. AND THE QUESTION IS  
2 WHO'S IN FAVOR OF THAT? SO CLEARLY IT'S A MINORITY,  
3 AND WE'LL TRY AND WORK WITH THE OTHER APPROACH.

4 MR. SERRANO-SEWELL: IS THERE ENOUGH FOR A  
5 MINORITY REPORT? BECAUSE WHEN WE GO BACK TO THE  
6 FACILITIES WORKING GROUP, I'D LIKE TO SAY THAT THERE  
7 WAS A DIFFERENCE OF OPINION. WITH ALL DUE RESPECT TO  
8 THE MAJORITY, THE MINORITY HAS A VOICE.

9 CHAIRMAN KLEIN: THE PEOPLE THAT YOU'RE  
10 ASKING TO DO THE WORK HAVE A PROBLEM WITH THIS.

11 MR. SERRANO-SEWELL: IT'S INTERESTING THE  
12 MAJORITY OF THE FACILITIES WORKING GROUP MEMBERS, NOT  
13 ALL OF THEM, BUT A MAJORITY, WOULD LIKE A SURVEY.

14 DR. HALL: SO WE HAVE THAT MEETING COMING UP.  
15 WE CAN DISCUSS IT. I GUESS THE OTHER ISSUE IS HOW  
16 WOULD YOU USE THE SURVEY? WE COLLECT THE SURVEY AND WE  
17 BRING THE SURVEY, THEN, RESULTS TO THE ICOC IN JUNE,  
18 AND THEN TO THE FACILITIES WORKING GROUP? I MEAN  
19 IT'S NOT --

20 CHAIRMAN KLEIN: THE FACILITIES WORKING GROUP  
21 COULD CLEARLY WORK WITH THE INFORMATION AND MAKE  
22 RECOMMENDATIONS TO THE BOARD FOR CONSIDERATION IN  
23 ADOPTING THE RFA AS TO BASIC CRITERIA.

24 DR. HALL: SO THAT'S AN ADDITIONAL MEETING.

25 CHAIRMAN KLEIN: IT'S A FACILITIES GROUP

1        ADDITIONAL MEETING, BUT IT WOULD STILL ALLOW ACTION ON  
2        THE RFA IN JUNE.

3                MR. SERRANO-SEWELL:    YEAH.

4                CHAIRMAN KLEIN:   WE'VE MADE A STRAW VOTE.   I  
5        THINK WE NEED TO GO FORWARD.   OKAY.

6                WE NEED TO GO VERY QUICKLY.   JAMES, COULD  
7        YOU, BECAUSE THERE ARE QUESTIONS THAT ARE GOING TO BE  
8        ASKED ON CONFLICTS, WE HAVE VERY IMPORTANT CONFLICTS  
9        REGULATIONS GOVERNING US.   WOULD YOU JUST QUICKLY  
10       REVIEW THE CONFLICTS REGULATIONS SO THAT, AS WE GO OUT  
11       TO MEET WITH THE LEGISLATURE, YOU KNOW, EVERYONE HAS IN  
12       MIND ALL OF THOSE APPLICABLE PROVISIONS?

13               MR. HARRISON:   OKAY.   I'D BE HAPPY TO.   FIRST  
14       OF ALL, AS ALL OF YOU ARE NOW PROBABLY PAINFULLY  
15       FAMILIAR, STATE CONFLICT LAWS ARE REALLY PRETTY  
16       EXTRAORDINARILY COMPLEX.   AND MY GOAL TODAY IS TO JUST  
17       BRIEFLY REMIND YOU OF SOME OF THE RULES THAT ARE  
18       APPLICABLE TO YOU AS ICOC MEMBERS RATHER THAN TO TRY TO  
19       GIVE YOU A DETAILED UNDERSTANDING OF THE LAW.

20               AS YOU WILL RECALL, WE PREPARED A MANUAL  
21       WHICH SUMMARIZES THE CONFLICT OF INTEREST LAWS FOR YOUR  
22       USE.   AND, OF COURSE, IF YOU HAVE ANY QUESTIONS, YOU  
23       SHOULD ASK US.

24               ONE OF THE THINGS I WANTED TO REMIND YOU OF,  
25       HOWEVER, IS THAT THE MEMBERS OF THE WORKING GROUPS ARE

1 NOT COVERED BY THE CONFLICT OF INTEREST LAWS THAT I'LL  
2 BE DISCUSSING TODAY. BECAUSE THEY ARE MEMBERS OF A  
3 PURELY ADVISORY GROUP, THEY ARE EXEMPT FROM STATE  
4 CONFLICTS OF INTEREST LAWS UNDER PROPOSITION 71.  
5 HOWEVER, PROPOSITION 71 REQUIRED YOU AS A BOARD TO  
6 ADOPT CONFLICT OF INTEREST STANDARDS FOR THE WORKING  
7 GROUP, AND YOU HAVE DONE SO. AND JUST, AGAIN, TO  
8 REMIND YOU, THESE ARE VERY RIGOROUS CONFLICT OF  
9 INTEREST STANDARDS THAT GO BEYOND THE REQUIREMENTS OF  
10 STATE LAW TO THE EXTENT THAT THEY COVER, NOT ONLY  
11 FINANCIAL CONFLICTS OF INTEREST, WHICH IS WHAT STATE  
12 LAW ADDRESSES, BUT ALSO PROFESSIONAL CONFLICTS OF  
13 INTEREST AND PERSONAL CONFLICTS OF INTEREST.

14 SO IT'S IMPORTANT TO RECALL, AS YOU GO  
15 THROUGH YOUR LEGISLATIVE MEETINGS, THAT WE HAVE  
16 RIGOROUS CONFLICT OF INTEREST REGULATIONS IN PLACE FOR  
17 MEMBERS OF THE WORKING GROUP.

18 SO LET ME JUST BRIEFLY DESCRIBE TO YOU SOME  
19 OF THE LAWS THAT APPLY TO YOU. THE FIRST IS THE  
20 POLITICAL REFORM ACT, AND THE GENERAL RULE IS REALLY  
21 PRETTY STRAIGHTFORWARD. YOU AS PUBLIC OFFICIALS ARE  
22 REQUIRED TO DISQUALIFY YOURSELF FROM PARTICIPATING IN A  
23 DECISION IF IT'S REASONABLY FORESEEABLE THAT THE  
24 DECISION WILL HAVE A MATERIAL FINANCIAL EFFECT ON ONE  
25 OF YOUR PERSONAL INTERESTS, ONE OF YOUR PERSONAL

1 ECONOMIC INTERESTS. UNFORTUNATELY EACH OF THOSE TERMS  
2 IS A DEFINED TERM. AND THERE ARE REGULATIONS ABOUT 3  
3 INCHES THICK THAT THE FPPC HAS PROMULGATED THAT GOVERNS  
4 EACH OF THEM.

5 BUT REALLY THE GENERAL RULE IS PRETTY  
6 STRAIGHTFORWARD. IF YOU HAVE A QUESTION ABOUT  
7 SOMETHING AND FEEL UNCOMFORTABLE PARTICIPATING IN A  
8 VOTE, YOU SHOULD STOP, NOT PARTICIPATE IN THE VOTE, AND  
9 GET YOUR QUESTION RESOLVED FIRST. THESE RULES ARE  
10 REALLY BOTH A TRAP FOR THE UNWARY AND A TRAP FOR THE  
11 WARY. LET ME GIVE YOU TWO EXAMPLES. A PUBLIC  
12 OFFICIAL, A CLIENT, HAD A LOT OF INVESTMENTS. SHE HAD  
13 HER BROKER MANAGE HER INVESTMENTS. SHE BARELY GLANCED  
14 AT HER QUARTERLY STATEMENT, AND REALLY, FRANKLY, WASN'T  
15 PARTICULARLY FAMILIAR WITH ALL OF THE STOCKS THAT SHE  
16 HELD.

17 SHE WAS ASKED TO PARTICIPATE IN A DECISION  
18 REGARDING A CONTRACT. SHE DID SO. THEN A COUPLE WEEKS  
19 LATER SAW HER BROKERAGE ACCOUNT, AND TO HER HORROR SAW  
20 THAT SHE HAD STOCK IN THAT COMPANY. FORTUNATELY FOR  
21 HER, ON THE DAY THAT SHE HAD PARTICIPATED IN THE  
22 DECISION, THE STOCK WAS TRADING, HER SHARES RATHER,  
23 WERE TRADING AT \$1,982, \$18 BELOW THE THRESHOLD FOR A  
24 FINANCIAL INTEREST. SO SHE WAS SPARED, BUT ONLY BY  
25 BLIND LUCK.

1                   THESE RULES CAN ALSO BE A TRAP FOR THE WARY.  
2     LET ME GIVE YOU AN EXAMPLE OF THAT.  ANOTHER PUBLIC  
3     OFFICIAL APPOINTED HIS WIFE TO A CITY COMMISSION.  AND  
4     HE HAD ACTUALLY SPENT SOME TIME LOOKING AT THE LAW AND  
5     REALIZED THAT RECEIPT OF A PER DIEM FROM A GOVERNMENT  
6     AGENCY DOESN'T CONSTITUTE INCOME FOR PURPOSES OF THE  
7     POLITICAL REFORM ACT.  SO HE THOUGHT HE COULD GO AHEAD  
8     AND DID IT AND HE DID SO.  UNFORTUNATELY FOR HIM, HE  
9     FORGOT ABOUT ANOTHER RULE, WHICH IS THAT IF A DECISION  
10    HAS AN EFFECT ON YOUR PERSONAL FINANCES BY \$250 OR MORE  
11    IN THE COURSE OF A 12-MONTH PERIOD, THAT'S ALSO  
12    CONSIDERED A CONFLICT OF INTEREST.  BECAUSE THE PER  
13    DIEM WAS MORE THAN \$250 OVER THE COURSE OF A YEAR, IT  
14    WAS STILL A PROBLEM FOR HIM.

15                  SO THE GENERAL RULE HERE IS TO BE AWARE OF  
16    WHAT YOUR FINANCIAL INTERESTS ARE AND TO PAUSE AND  
17    THINK ABOUT THEM AND ASK QUESTIONS BEFORE ACTING IF YOU  
18    HAVE ANY CONCERN AT ALL ABOUT THE EFFECT OF A DECISION  
19    ON ONE OF YOUR FINANCIAL INTERESTS.

20                  SO THIS IS THE POLITICAL REFORM ACT.  AS I  
21    SAID, THIS REQUIRES PUBLIC OFFICIALS TO DISQUALIFY  
22    THEMSELVES FROM PARTICIPATING IN DECISIONS IN WHICH  
23    THEY HAVE A FINANCIAL INTEREST.  THE DECISIONS THAT YOU  
24    ARE PARTICIPATING IN ARE ANYTHING YOU VOTE ON,  
25    APPOINTMENTS, DECISIONS ON CONTRACTS.

1           THE RULE ALSO PROHIBITS YOU FROM NOT ONLY  
2   PARTICIPATING IN A DECISION; THAT IS, PARTICIPATING  
3   HERE IN THE VOTE, BUT ALSO ATTEMPTING TO INFLUENCE A  
4   DECISION.

5           YOU ARE PROHIBITED FROM CONTACTING ANOTHER  
6   MEMBER OF THE BOARD OR AN EMPLOYEE OF CIRM IN AN EFFORT  
7   TO TRY TO INFLUENCE A DECISION IN WHICH YOU HAVE A  
8   FINANCIAL INTEREST. YOU ARE ALSO PROHIBITED FROM  
9   CONTACTING AN OFFICER OF ANOTHER AGENCY TO TRY TO  
10  INFLUENCE A DECISION IN WHICH YOU HAVE A FINANCIAL  
11  INTEREST. AND LET ME JUST ADD ONE SIDE NOTE HERE.  
12  THOUGH IT'S NOT COVERED, ANOTHER THING THAT YOU SHOULD  
13  BEAR IN MIND IS TO REFRAIN FROM ACCEPTING TELEPHONE  
14  CALLS OR OTHER CONTACTS, FOR EXAMPLE, FROM APPLICANTS  
15  FOR GRANTS WHO MIGHT BE TRYING TO INFLUENCE YOUR  
16  ACTION. THOUGH IT'S NOT PROHIBITED BY THE LAW, IT  
17  COULD CERTAINLY CREATE AN APPEARANCE OF IMPROPRIETY.

18          LET ME TALK BRIEFLY, THEN, ABOUT THE TYPES OF  
19  FINANCIAL INTERESTS THAT YOU HAVE JUST BRIEFLY TO  
20  REFRESH YOU. YOU HAVE A FINANCIAL INTEREST IN ANY  
21  BUSINESS ENTITY IN WHICH YOU HAVE AN INVESTMENT OF  
22  \$2,000 OR MORE. THIS APPLIES ALSO TO WHAT ARE KNOWN AS  
23  INDIRECT INVESTMENTS. SO IF YOUR SPOUSE HAS SEPARATE  
24  PROPERTY, YOU'RE CONSIDERED TO HAVE AN INTEREST IN YOUR  
25  SPOUSE'S INVESTMENTS EVEN IF YOU FORMALLY OR LEGALLY

1 DISCLAIMED SUCH AN INTEREST. LIKEWISE, YOU HAVE AN  
2 INTEREST IN ANY INVESTMENT OWNED BY YOUR DEPENDENT  
3 CHILDREN, AS WELL AS INVESTMENTS OWNED BY BUSINESS  
4 ENTITIES IN WHICH YOU HAVE A 10 PERCENT OR GREATER  
5 SHARE. YOU ALSO HAVE A FINANCIAL INTEREST IN ANY  
6 SOURCE OF INCOME OF \$500 OR MORE DURING A 12-MONTH  
7 PERIOD. THIS INCLUDES INCOME EARNED BY A BUSINESS  
8 ENTITY IN WHICH YOU HAVE A 10 PERCENT OR GREATER  
9 INTEREST IF YOUR SHARE OF THE INCOME IS AT LEAST \$500.

10 YOU ALSO HAVE AN ECONOMIC INTEREST IN ANY  
11 BUSINESS ENTITIES IN WHICH YOU'RE AN OFFICER OR  
12 EMPLOYEE, IN ANY REAL PROPERTY IN WHICH YOU HAVE A  
13 \$2,000 OR GREATER INTEREST. AND, IMPORTANTLY, YOU ARE  
14 DEEMED TO HAVE AN ECONOMIC INTEREST IN DONORS OF GIFTS  
15 OF \$390 OR MORE. THAT'S AGGREGATED OVER A 12-MONTH  
16 PERIOD. AS YOU MAY KNOW, THE THRESHOLD FOR DISCLOSURE  
17 IS \$50, BUT FOR CONFLICT PURPOSES, IT'S \$390.

18 SO YOU'RE REQUIRED TO RECUSE YOURSELF WHEN  
19 THESE DECISIONS MIGHT HAVE A MATERIAL FINANCIAL EFFECT  
20 ON YOUR DECISIONS -- ON YOUR ECONOMIC INTEREST. WHEN  
21 AN ECONOMIC INTEREST IS DIRECTLY INVOLVED IN A  
22 DECISION, THAT IS, YOU HAVE AN ECONOMIC INTEREST IN AN  
23 APPLICANT FOR FUNDING, FOR EXAMPLE, THE EFFECT IS  
24 DEEMED TO BE MATERIAL EVEN IF IT'S ONE CENT. SO YOU  
25 DON'T EVEN HAVE TO WORRY ABOUT THE THRESHOLD.

1                LIKewise, IF YOU HAVE AN INTEREST IN REAL  
2       PROPERTY THAT'S WITHIN 500 FEET OF PROPERTY THAT WOULD  
3       BE THE SUBJECT OF A DECISION, YOU ALSO ARE DEEMED TO  
4       HAVE A DIRECT INTEREST, AND THE EFFECT IS CONSIDERED  
5       MATERIAL, AND YOU CAN'T PARTICIPATE.

6                YOU'RE ALSO DEEMED TO HAVE A DIRECT INTEREST  
7       IN A DECISION THAT WOULD HAVE A FINANCIAL EFFECT ON  
8       YOUR PERSONAL FINANCES OF \$250 OR MORE.

9                AS I SAID, IF THE ECONOMIC INTEREST IS  
10      DIRECTLY INVOLVED, IT'S PRESUMED TO BE MATERIAL. ONE  
11      OF THE ODDITIES OF THE POLITICAL REFORM ACT IS THAT ALL  
12      ECONOMIC INTERESTS THAT YOU HAVE THAT AREN'T DIRECTLY  
13      INVOLVED IN A DECISION, THAT IS, THEY'RE NOT THE  
14      SUBJECT OF THE DECISION, THEY'RE CONSIDERED TO BE  
15      INDIRECTLY INVOLVED, WHICH MEANS THAT ON OCCASION YOU  
16      ACTUALLY HAVE TO ANALYZE THE MATERIALITY OF THE EFFECT  
17      ON ECONOMIC INTERESTS THAT ARE NOT DIRECTLY INVOLVED IN  
18      THE DECISION. AND THAT'S A RATHER COMPLICATED  
19      ANALYSIS. IF YOU ARE IN THAT POSITION, YOU SHOULD ASK.

20              THESE DECISIONS HAVE TO HAVE A REASONABLY  
21      FORESEEABLE EFFECT ON YOUR FINANCIAL INTERESTS. THAT  
22      MEANS THAT THERE'S A SUBSTANTIAL LIKELIHOOD THAT THE  
23      DECISION WILL HAVE AN EFFECT ON YOUR FINANCIAL  
24      INTERESTS. CERTAINTY IS NOT REQUIRED.

25              LET ME TURN BRIEFLY TO GOVERNMENT CODE



1 SECTION 1090. THIS IS A PROVISION WHICH PROHIBITS YOU  
2 FROM BEING FINANCIALLY INTERESTED IN A CONTRACT THAT'S  
3 MADE BY THIS BOARD. AND PERHAPS THE MOST FAMOUS CASE  
4 INVOLVING 1090 INVOLVED FORMER SUPERINTENDENT OF PUBLIC  
5 INSTRUCTION, BILL HOENIG, WHO WAS CONVICTED FOR  
6 PARTICIPATING IN DECISIONS TO AWARD GRANTS TO A  
7 NONPROFIT ENTITY THAT EMPLOYED HIS WIFE. AND THE COURT  
8 HELD THAT EVEN THOUGH THE MONEY DID NOT GO TO PAY HIS  
9 WIFE'S SALARY, NONETHELESS, BY PROVIDING ADDITIONAL  
10 FUNDING TO THE NONPROFIT, IT FREED UP FUNDS THAT COULD  
11 BE USED FOR HER SALARY. SO THE COURTS HAVE REALLY  
12 BROADLY CONSTRUED THIS LAW AND ENFORCED IT QUITE  
13 VIGOROUSLY.

14 BECAUSE UNDER GOVERNMENT SECTION 1090, IF A  
15 SINGLE MEMBER OF A BOARD HAS A FINANCIAL INTEREST IN A  
16 CONTRACT, THE ENTIRE BOARD IS DEEMED TO BE TAINTED.  
17 PROPOSITION 71 CREATED AN EXCEPTION. AND UNDER THAT  
18 EXCEPTION, GOVERNMENT CODE SECTION 1090 ONLY APPLIES IF  
19 BOTH OF THE FOLLOWING CONDITIONS ARE MET. FIRST, THE  
20 GRANT, LOAN, OR CONTRACT DIRECTLY RELATES TO SERVICES  
21 THAT YOU PROVIDE OR THAT ARE PROVIDED BY THE  
22 INSTITUTION FROM WHICH YOU ARE APPOINTED OR THAT  
23 FINANCIALLY BENEFITS YOU OR THE INSTITUTION FROM WHICH  
24 YOU'RE APPOINTED. AND SECOND, YOU FAIL TO RECUSE  
25 YOURSELF FROM THAT DECISION. SO THAT'S WHY, AGAIN,

1 IT'S ESPECIALLY IMPORTANT TO BE FAMILIAR WITH YOUR  
2 FINANCIAL INTERESTS SO THAT YOU KNOW TO RECUSE YOURSELF  
3 IN ADVANCE.

4 I'D LIKE TO JUST BRIEFLY REMIND YOU OF SOME  
5 OF THE PROVISIONS IN THE ICOC CONFLICT OF INTEREST  
6 POLICY. AGAIN, IT'S IMPORTANT TO NOTE THAT YOU ALL  
7 HAVE ADOPTED A POLICY THAT GOES BEYOND STATE LAW TO  
8 REQUIRE ADDITIONAL RECUSALS FOR YOU AS MEMBERS OF THE  
9 BOARD. ONE OF THESE PROVISIONS IS THAT YOU ARE  
10 PROHIBITED FROM APPLYING OR RECEIVING SALARY SUPPORT  
11 THROUGH A GRANT, LOAN, OR CONTRACT FROM THE ICOC, AND  
12 YOU'RE PROHIBITED FROM ACTING AS A PRINCIPAL  
13 INVESTIGATOR.

14 AS YOU MAY RECALL, BECAUSE MANY OF YOU ARE  
15 INVOLVED IN YOUR CAPACITY AS EMPLOYEES OF THE  
16 INSTITUTIONS FROM WHICH YOU ARE APPOINTED IN REVIEWING  
17 GRANT APPLICATIONS OR SIGNING OFF ON THEM, THIS  
18 PROVISION DOES NOT APPLY TO YOU UNDER THOSE  
19 CIRCUMSTANCES.

20 YOU'RE ALSO PROHIBITED FROM MAKING OR  
21 PARTICIPATING IN MAKING OR IN ANY WAY ATTEMPTING TO  
22 INFLUENCE OR TO USE YOUR OFFICIAL POSITION TO INFLUENCE  
23 A DECISION REGARDING A GRANT, LOAN, OR CONTRACT FROM  
24 THE INSTITUTION FROM WHICH YOU'RE APPOINTED. AND YOU  
25 ARE PROHIBITED FROM MAKING, PARTICIPATING IN MAKING, OR

1     ATTEMPTING TO YOU USE YOUR POSITION TO INFLUENCE A  
2     DECISION REGARDING A GRANT, LOAN, OR CONTRACT THAT  
3     FINANCIALLY BENEFITS YOU OR THE INSTITUTION FROM WHICH  
4     YOU WERE APPOINTED.

5             AND LAST BUT NOT LEAST, THE ICOC CONFLICT OF  
6     INTEREST POLICY PROHIBITS YOU FROM ACCEPTING A GIFT  
7     FROM AN AGENCY, CONTRACTOR, OR AN ENTITY THAT'S SEEKING  
8     TO DO BUSINESS WITH THE CIRM IF, UNDER THE  
9     CIRCUMSTANCES, IT APPEARS THAT THE INTENT OF THE GIFT  
10    WAS TO INFLUENCE YOUR DECISION OR TO REWARD YOU FOR  
11    YOUR PAST DECISION.

12            LAST BUT NOT LEAST, I JUST WANTED TO EXPLAIN  
13    ONE RULE TO YOU. THIS IS A PROVISION THAT APPLIES TO  
14    PROCEEDINGS INVOLVING CONTRACTS. IT'S UNCLEAR WHETHER  
15    IT APPLIES TO PROCEEDINGS INVOLVING GRANTS BECAUSE THE  
16    ATTORNEY GENERAL HAS DISTINGUISHED GRANTS FROM  
17    CONTRACTS FOR PURPOSES OF THE PUBLIC CONTRACT CODE.  
18    BUT OUT OF AN ABUNDANCE OF CAUTION, WE WILL ASSUME THAT  
19    IT APPLIES TO YOU. AND THIS IS A PROVISION THAT  
20    PROHIBITS YOU FROM SOLICITING A CONTRIBUTION, A  
21    POLITICAL CONTRIBUTION, OF MORE THAN \$250 FROM AN  
22    APPLICANT FOR FUNDING FROM THE CIRM. AND THAT APPLIES  
23    WHILE THE APPLICATION IS PENDING AND FOR THREE MONTHS  
24    AFTER A DECISION ON THE APPLICATION IS MADE.

25            SO THAT'S WHAT I WANTED TO COVER TODAY. AS I

1 SAID, THESE LAWS ARE QUITE COMPLEX. VERY BRIEF  
2 OVERVIEW, BUT THE MOST IMPORTANT THING FOR YOU TO DO IS  
3 TO ASK QUESTIONS IF YOU HAVE ANY CONCERNS.

4 CHAIRMAN KLEIN: JAMES, FOR THE BENEFIT OF  
5 THE MEMBERS, AGAIN, FOR THE WORKING GROUPS, JUST COVER  
6 FOR A SECOND THE POINT THAT, IN ADDITION TO GOING  
7 BEYOND THE FAIR POLITICAL PRACTICES ACT IN DEALING WITH  
8 FINANCIAL CONFLICTS, PROFESSIONAL CONFLICTS, AND  
9 PERSONAL CONFLICTS, IN TERMS OF THOSE CONFLICTS ALL  
10 MONITORED BY STAFF, THOSE RECORDS ARE SUBJECT TO AN  
11 AUDIT BY THE LEGISLATURE. AND SO THERE IS LEGISLATIVE  
12 OVERSIGHT.

13 MR. HARRISON: THAT'S CORRECT. I MEANT TO  
14 POINT OUT THAT THE CONFLICT OF INTEREST POLICY FOR THE  
15 WORKING GROUPS NOT ONLY REQUIRES DISQUALIFICATION WHEN  
16 ONE HAS A FINANCIAL INTEREST, BUT IT ALSO REQUIRES THE  
17 WORKING GROUP MEMBERS TO DISCLOSE THEIR INTERESTS PRIOR  
18 TO THE PARTICIPATION IN A GRANT REVIEW. AND THOSE  
19 RECORDS ARE AVAILABLE FOR AUDIT TO ENSURE THAT NO  
20 MEMBERS PARTICIPATED IN A DECISION IN WHICH THEY HAD  
21 SUCH AN INTEREST.

22 CHAIRMAN KLEIN: WE ARE GOING TO STAND  
23 ADJOURNED BECAUSE WE HAVE 12:30 MEETINGS. WE NEED TO  
24 MOVE EXPEDITIOUSLY TO THOSE MEETINGS. KIRK IS IN THE  
25 BACK AND WILL HELP YOU. MELISSA, DO YOU HAVE A LAST

1 COMMENT?

2 MS. KING: YES. LUNCH IS AVAILABLE IN ROOM  
3 205, SAME ROOM WHERE YOU HAD BREAKFAST. IF SOME OF YOU  
4 THAT HAVE MEETINGS RIGHT AWAY, YOU CAN GRAB SOMETHING  
5 ON THE WAY OUT. GRAB A BOX LUNCH.

6 CHAIRMAN KLEIN: WE THANK THE PUBLIC AND WE  
7 STAND ADJOURNED.

8 (THE MEETING WAS THEN ADJOURNED AT 12:21  
9 P.M.)

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REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE PROCEEDINGS BEFORE THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD AT THE LOCATION INDICATED BELOW

SACRAMENTO CONVENTION CENTER  
1400 J STREET, ROOM 204  
SACRAMENTO, CALIFORNIA  
ON  
APRIL 10, 2007

WAS HELD AS HEREIN APPEARS AND THAT THIS IS THE ORIGINAL TRANSCRIPT THEREOF AND THAT THE STATEMENTS THAT APPEAR IN THIS TRANSCRIPT WERE REPORTED STENOGRAPHICALLY BY ME AND TRANSCRIBED BY ME. I ALSO CERTIFY THAT THIS TRANSCRIPT IS A TRUE AND ACCURATE RECORD OF THE PROCEEDING.

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